



台灣櫻花股份有限公司
TAIWAN SAKURA CORPORATION

2022 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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VI. Overseas Securities Exchange

None

VII. Corporate Website

<http://www.sakura.com.tw>

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Chaper 1 A Letter to Shareholders

Dear Shareholders,

In recent years, TAIWAN SAKURA CORPORATION has continued to promote the "improvement of the group's operating system" and "development of medium and long-term strategic layout", including the promotion of the four major upgrades of "brand, product, channel, and service" since 2016; In 2019, a phased five-year development plan was launched, based on the three strategies of "stable growth of existing businesses", "future layout of new businesses" and "core construction of sustainable development", aiming to become a ten billion enterprise. In 2022, the group's new vision "creator of a better home life" was officially released, and the company's business map was set to be developed with "family needs as the core", which made the group's future business development blueprint more focused. In 2022, the company's overall economic environment was still not ideal. In the first half of the year, affected by the Russian-Ukraine war and China's epidemic prevention and control policy, the global supply chain was tight and raw material prices continued to rise. Although the epidemic slowed down in the second half of the year, there were still many uncertainties factor. However, TAIWAN SAKURA CORPORATION's revenue and profit were still growing against the trend and hit new highs for 12 consecutive years. Facing significant challenges, the continuation of record growth is mainly due to the efforts of all colleagues and the results of the comprehensive implementation of the strategies. Specifically, the Company's consolidated revenue amounted to \$8.213 billion in 2022, increasing by 8.5% compared to 2021; gross profit amounted to \$1.112 billion, decreasing by 4.19% from last year; profit after tax amounted to \$1.019 billion, increasing by 0.85% compared to the previous year.

I. 2022 Business Report

(I) Result of operation plan

Unit: NT\$ thousands

Item	2022	2021	Increase (decrease) %
Operating revenue	8,212,862	7,569,362	8.50%
Operating income	1,111,612	1,160,206	(4.19%)
Pre-tax income	1,273,833	1,250,592	1.86%
Net income	1,009,453	1,007,943	0.15%
Net profit attributable to the parent company's shareholders	1,018,940	1,010,345	0.85%

(II) Forecast and implementation

Unit: Pcs; Sets

Main Products	Target sales in 2022	Actual sales in 2022	Success Rate
Kitchen Appliance (Note 1)	761,447	628,556	82.55%
Water Heater	356,018	338,433	95.06%
Cabinet of Kitchen System (Note 2)	33,658	33,283	98.89%
Others (Note 3)	262,824	389,342	148.14%
Total	1,413,947	1,389,614	98.28%

Note 1: Kitchen equipment mainly includes range hoods, gas stoves, dish dryers and water purifiers.

Note 2: This figure only includes complete sets of the cabinet of the kitchen system; sales that were not completed in sets are not included in the calculation of success rate.

Note 3: This category mainly consists of electrical products and purifier filters purchased externally.

(III) Financial Highlights and Profitability Analysis

1. Financial Highlight

Unit: NT\$ thousands

Item \ Year	2022	2021	Increase (decrease) %
Cash inflow from operating activities	917,496	913,694	0.42%
Cash inflow (outflow) from investment activities	85,185	(184,892)	146.07%
Cash outflow from financing activities	(818,289)	(764,558)	(7.03%)

2. Profitability Analysis

Item \ Year	2022	2021
Return on assets (%)	12.05	12.83
Return on equity (%)	18.25	19.27
Ratio to paid-in capital (%)	Operating income	50.27
	Pre-tax profit	57.60
Profit margin (%)	12.40	13.34
Earnings per share (NT\$)	4.66	4.62

(IV) Research and development status

The Research & Development (R&D) team of Taiwan Sakura Corporation has incorporated the “Enjoy Smart Lifestyle with Integrated Solution” brand value into its product research and development. In addition to its continuous focus on developing intelligent, safe, healthy and environmentally friendly kitchen equipment and gas-burning products, the R&D team is also re-entering the field of water filter products. Successfully developed products over the past two years are as follows:

1. New automatic temperature water heater
2. New automatic temperature water heater with turbo pump water heater
3. Beauty skin bath water heater
4. Multiple times capacity storage water heater
5. Timer control storage water heater
6. New heat collection gas cooker
7. Easy clean type anti-backfire detection system gas cooker
8. Smart of temperature sensor range hood
9. Closer-distance of suction range hood
10. New oil-guiding tray DC motor range hood
11. New oil-guiding tray range hood
12. Built-in UV Sterilization dish dryer
13. Built-in fast-drying dish dryer
14. Tankless RO Water Purifier
15. Slim design tankless RO water purifier
16. SQC water purifier
17. Smart touch heating water purifier
18. Smart touch water dispenser

II. 2023 Business Plan Summary

(I) Business management policy

1. Consolidate the leading position in water heater, kitchen appliance and integrated kitchen market to enhance operating efficiency via novel products.
2. Expand the new home furnishing business by leveraging the advantages of brand, channel, and service.
3. Emphasize risk management and control mechanism, consolidate the implementation and control of receivables, inventory, cash flow, information flow and internal control.
4. Introduce the concept of intelligent enterprise management and focus on process efficiency improvement and intelligent instrument application.
5. Promote talent cultivation programs towards younger and future talents base development.

(II) Sales Forecast(Consolidated)

Unit: Pcs; Sets

Main Products	Target sales number in 2023
Kitchen Appliance (Note 1)	753,661
Water Heater	361,075
Kitchen cabinets (Note 2)	36,642
Others (Note 3)	300,549
Total	1,451,927

Note 1: The kitchen equipment mainly consists of an exhaust hood, gas stove, dishwasher, and water purifier.

Note 2: The kitchen cabinets is listed only for complete sets, and the incomplete sets are not included in the achievement rate calculation.

Note 3: Other items mainly include externally purchased electrical appliances and water purifier filters.

The Target sales in 2023 is estimated based on domestic and international economic conditions, characteristics of industry competition where the market share, product model mix, the changes in customer structure and expected supply and demand are taken into account.

(III) Important production and marketing policies

1. Marketing aspect

- (1) Promote and popularize intelligent water heaters and kitchen appliances in the markets, and simultaneously boost consumer satisfaction and brand value via development of new products.
- (2) Promote the upgrade of overall kitchen channel chain and optimize the operation process to steadily increase market share and profitability.
- (3) Engage in new business development to expand customer reach and sales and arrange future business integration plans.
- (4) Provide intelligent service to strengthen consumer service experience and engage in big data business plans to lay the foundation for future service-derived business units.
- (5) Use Vietnam as an entrance into the ASEAN market and introduce the concept of brand management to improve brand visibility in the global market.

2. Production aspect

- (1) Achieve the benefits of DFSS and synchronized engineering operations, strengthen product development quality and timelines, and accelerate the supply of goods.
- (2) Realize various standardization and modularization operations to reduce costs.
- (3) Automate part of the production process to improve production management capability.
- (4) Reinforce supply chain system and maintain constant quality.
- (5) Strengthen the coordinated management of production and sales to ensure smooth supply and reduce inventory.

III. The Company's Future Development Strategy

To plan the Group's long-term development, Taiwan Sakura Corporation will create an “intelligent enterprise”, convert to “new business development”, and develop the “Asian market” based on current business. In addition, as part of its long-term strategy to pursue steady and firm growth of profit each year, Taiwan Sakura will focus on risk management, pay close attention to investment and output, and continue to develop a knowledge system.

- With the steady current core business as the priority, the Company steadily and firmly increases sales focusing on the efficiency of input and output.
- Develop new business investment plans with new markets, new business and new production and development base as the three primary investment plans in pursuit of expanding long-term sales driving force.
- Constantly construct intelligent operation system and utilize information instruments to enhance operation performance in every aspect, including the governance of the subsidiaries, operation process and data analysis.
- Establish functional organization competency, develop talent plans and management associate plans for the investment in the future.

IV. The Impact of External Competitive Environment, Regulatory Environment and Overall Business Environment on the Company

Initially, various sectors had hoped for an economic recovery after the pandemic. However, with the ongoing Russia-Ukraine conflict, tightened monetary policies, and inflation, the global economy, which was already weakened by the COVID-19 pandemic, continued to be eroded. Due to the international economic impact, Taiwan's export growth slowed down, and manufacturers' investments became more conservative. Fortunately, as the impact of the pandemic gradually diminished and the government gradually relaxed related measures, domestic consumption and related industries showed improvement, shifting the economic support from exports to domestic demand.

Although there are still many uncertain variables and challenges in the external environment, including market conditions and supply chain issues, Taiwan Sakura has been dedicated to promoting "improving the overall operational quality of the group" and "developing medium- and long-term strategic layouts" based on its solid foundation accumulated through years of hard work. With a steady pace, the company faces multiple difficult challenges. After establishing the new vision "the creator of a better home life" in 2022, the overall blueprint for the group's business development became more focused and clearer. In response to the gradual expansion of the scale across businesses, we are promoting the integration of group resources and leveraging the organization's influence through the overall development of the group, which is more united, practical, innovative, flexible, and adaptable to changes in the situation.

“Taiwan Sakura is an enterprise that exists for family life”. We will keep up with changing trends and work toward a new future. We welcome Taiwan Sakura employees, customers, and shareholders to join us in witnessing the power of change!

Finally, we appreciate all shareholders for your support for the Company. I wish you all the best. Good health and good luck!

Chairman: Yung-Chieh Chang

Chaper 2 Company Profile

I. Date of Incorporation: 20 October 1988

II. Company History:

Year	Month	Milestones
1988	Oct.	Chang, Chung-Shi and others established Taiwan Sakura Co., Ltd. in Shengang Township, Taichung County with an initial capital of NT\$420,000 thousand. The production plants were established in Daya Township and Shengang Township for the manufacture and sales of water heaters, gas stoves and range hoods.
1990	Jul.	Construction of a new factory in Daya Plant took place to produce water heaters, gas stoves, and the established the research and development center.
1992	Jul.	The shares were officially listed on the Taiwan Stock Exchange.
1993	Apr.	The shareholders' meeting decided to increase the capital to build the factory for the Unit Bathroom products and reinvest in mainland China for US\$5,000 thousand.
1994	Jan.	The subsidiary, Sakura Enterprise (B.V.I.) Ltd., invested in the establishment of Sakura Bath and Kitchen Products (China) Co., Ltd. to produce gas appliances and establish marketing channels.
1995	Jul.	A professional system kitchen maker in the Wufeng Factory was set up, and the channels for Sakura Kitchen Life Store were established.
1998	Dec.	Svago International Corporation was established to operate the DIY chain store business of household goods.
2000	Jun.	The Company sold the Unit Bathroom production equipment to the affiliated company Puda Industrial Co., Ltd. to specialize in the Unit Bathroom business.
2002	Jan.	Signed a strategic cooperation contract with GEA, the world's largest home appliance company, to expand the international operations of Sakura Corporation.
2003	May	The implementation of "New Production System" (NPS) continued to improve production processes and management from production management aspect.
2004	Mar.	The "Sakura Safety Guard" was launched to fully promote the free safety checks for all brands of water heaters to achieve permanent safety.
2005	May	The dish drying machine production line officially launched.
2008	Oct.	Won the 9th National Standardization Award.
	Dec.	Won the right to use the trademark of "TOPAX" and authorized the subsidiary company, Svago International Corporation, to operate the brand.
2009	Jan.	The expansion of the system kitchen factory of Sakura Bath and Kitchen Products (China) Co., Ltd. was completed and officially started mass production.
	Oct.	Acting as an agent for the Swedish boutique kitchenware Electrolux brand to create a dream kitchen and to enhance the fashion taste.
2010	Jan.	3D interactive design and display software was introduced in the Sakura Kitchen Life Stores in Taiwan, and realized the ideal custom-made kitchen of consumers through 360-degree simulation.

Year	Month	Milestones
	May	The second factory in Daya was officially put into operation.
	Oct.	The production and sales of solar water heaters began.
2011	Jan.	Obtained MIT smile badge certification.
	Jul.	Selected by the Ministry of Economic Affairs as the top 100 brands in Taiwan.
	Oct.	The three major factories in Taiwan obtained ISO14001 environmental management system certification.
	Dec.	The Sakura Kitchen Life Store developed a new "Sakura 5S Kitchen Cabinets ".
2014	May	The opening of the Electrolux Kaohsiung Experience Hall provides a better, more complete and more comprehensive product experience and services.
2014	Aug.	For the first time, a public health seminar was held to present the brand concept of "Sakura loves home" and the spirit of "actively caring for consumers".
	Sep.	The "double-ring - double dazzling fire" gas stove is a first-class energy-saving and high-heat-efficiency domestic appliance.
	Dec.	Sakura water heaters, range hoods and gas stoves won the "the first place of 2015 Consumers' Ideal Brand". Among them, range hoods are the ideal brand champion for consumers for 30 consecutive years.
2015	May	Launched "3D Environmentally-Friendly Turbo Variable-Frequency Range Hood".
	Dec.	Won the "Second Taichung City Outstanding Industry Innovation Award".
2016	Jan.	The opening of the flagship experience hall of Electrolux Taichung.
	Apr.	DR7790SXL range hood won the Taiwan Excellence Silver Award.
	Aug.	Opened the 100th Sakura Kitchen Life Store
	Nov.	Sakura Safety 4.0 Intelligent Application Big Data to safeguard water heaters and home safety
2017	Mar.	The new brand advocate of "enjoy intelligence and happy life"
	Jun.	Hosted the "Sakura Love, Thank You" concert at the National Opera in Taichung
	Sep.	Invested hundreds of million dollars for the plant expansion to create the ideal kitchen for consumers.
	Oct.	Launched the "LOFT Trendy Kitchen" series of integrated kitchens
2018	Jan.	Won the Taiwan Excellence Award for 15 consecutive years and won the "Taiwan Excellence Lifetime Achievement Award"
	Mar.	The kitchen appliances of Electrolux entered the department store, setting up direct-sale store
	Mar.	Wufeng factory's unit kitchen production line was integrated, and the new plant was completed for operation
	Aug.	Launched the fourth-generation store of the Sakura Kitchen Life Store, setting up the demonstration store – Henan Store. The kitchen retail model evolved again.

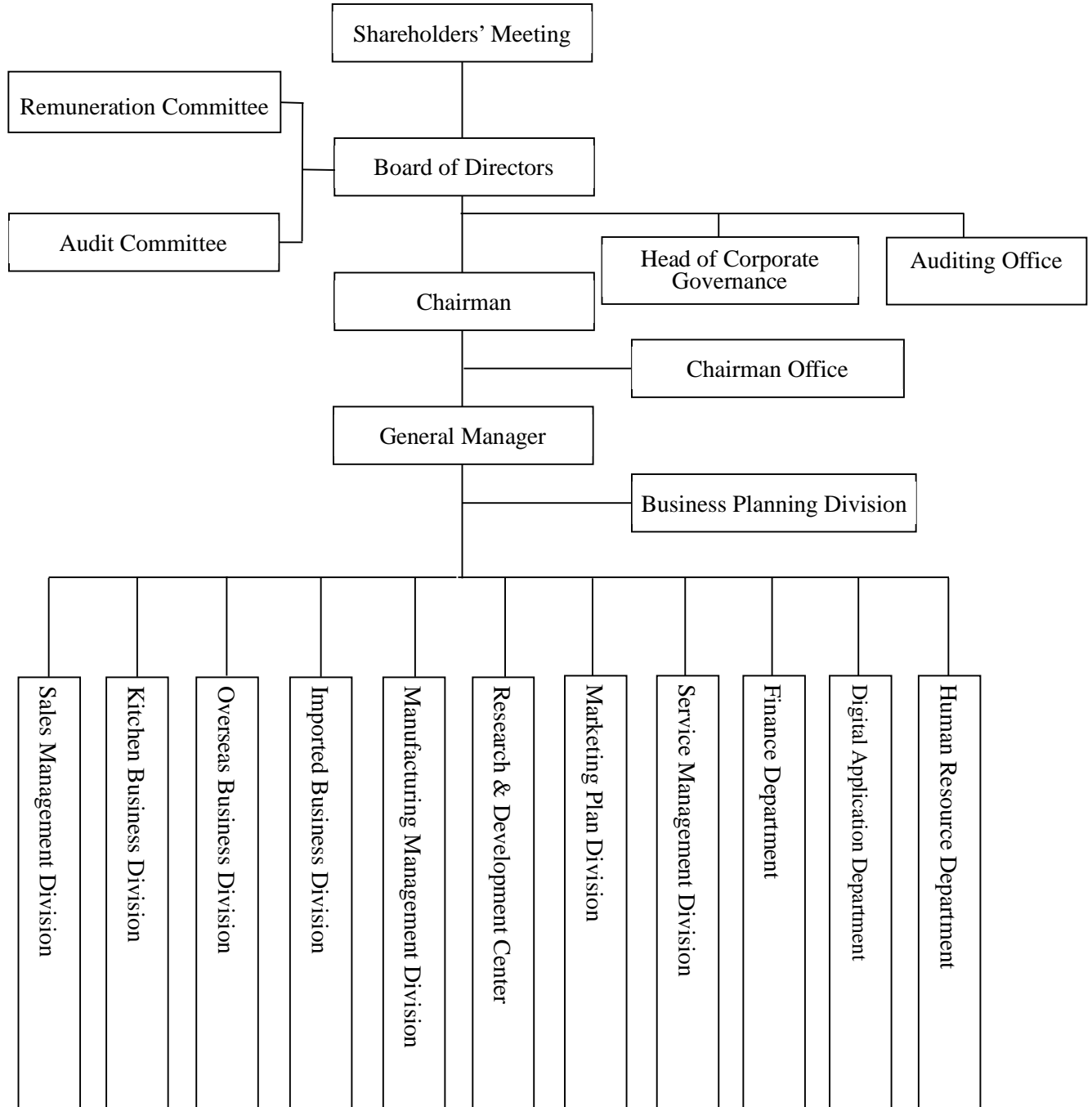
Year	Month	Milestones
	Sep.	Established the "Service Management Division" to co-ordinate and manage the Group's brand-related consumer services, product maintenance and quality improvement supervision and management, and integrate business service policies and education training
	Dec.	Won the Taiwan Excellence Award for 16 consecutive years
	Dec.	Won the "Taiwan Home Product Ideal Brand" award. Won again the first place in the ideal brand for water heaters, kitchen's three appliances and kitchen appliances.
2019	Jan.	Ranked 1st in the ideal brand of consumers for 34 consecutive years
	Mar.	Established Vietnam Office, entering the Vietnam market
	Apr.	Acquiring the distribution rights of TLK Kitchens in Italy
	May	According to the "Taiwan Top 2000" survey in 2019 conducted by the Taiwanese Commonwealth Magazine, Taiwan Sakura Corporation is ranked in the 472nd place in terms of the revenue, and the 5th place among furniture and home appliance industry.
	May	The survey of "Top 100 Most Influential Home Deco and Furnishing Brands around the World in 2019" conducted by China's "Iyiou," Sakura Corporation is ranked in the 37th place and is the only ethnic Chinese brand.
	Jul.	Held the 100th anniversary of Electrolux and Sakura flagship product experiencing activity at Shin Kong Mitsukoshi A9
	Jul.	Sponsored Local dance group "Taiwan Aboriginal Dance Culture & Arts Group" to make Taiwan more visible
	Aug.	Introduced "revolutionary RO water purifier" to make simple and clean water drinking experience more accessible
	Aug.	Won the Gold Medal of the Talent Development Quality Management System (TTQS) of Workforce Development Agency of the Ministry of Labor
	Nov.	Invested in and established SAKURA Home Collection Co., Ltd., entering the house decoration business from the kitchen industry
2020	Jan.	Ranked 1st in the ideal brand of consumers for 35 consecutive years, defended the three-top-awards-winner title
	Mar.	The first direct sale store at a department store was opened at Shin Kong Mitsukoshi Taichung.
	Apr.	Launched "Electric Water Heater" to enjoy "comfortable bath without waiting" bathing experience
	May	Sakura Home's first flagship store is in operation, providing innovative services of "intelligent customization of whole house decoration".
	Jun.	Launched the "LOFT CHIC Trendy Kitchen" series of integrated kitchens
	Jun.	Launched the "Innovative Series Cooker Hood" with strong suction power and new appearance
	Aug.	To meet the challenge of the highly customized kitchenware market, Taiwan Sakura introduced a smart manufacturing upgrade.

Year	Month	Milestones
	Nov.	Sakura Service 4.0 combined with big data; security guards are fully upgraded
	Nov.	The three major factories in Taiwan obtained ISO14001 environmental management system certification
	Nov.	Invested in the establishment of Sakura Pan Pacific Holdings (Singapore) Pte. Ltd
	Dec.	Pioneered the innovative technology of "four-season temperature + intelligent pass", leading the water heater into the era of intelligence.
2021	Jan.	Ranked 1st in the ideal brand of consumers for 36 consecutive years
	Mar.	Launched the "AI Air Control Series European-style Cooker Hood" with AI intelligent air control to enhance the cooking experience.
	Apr.	Launched "PREMIUM Kitchen" series of total kitchen.
	Apr.	The brand advocates the "Ritual of Creating a Better Life" to encourage embracing change and living with joy.
	Jun.	Launched the "Dual Effect RO Water Purifier" to meet the needs of drinking and washing in one machine.
	Jul.	Acquired a 54.99% stake in Mekong Trading Corporation through its subsidiary Sakura Pan Pacific Holdings (Singapore) Pte.
	Sep.	Opened the second kitchen store with the design concept of "Kitchen, the New Heart of Home".
	Dec.	The Surrounding Suction series and Dual-effect RO water purifier won the 2021 Golden Pin Design Award.
2022	Apr.	Launched the "AI Risk Control Turbo Variable Frequency European-style Oil Smoke Extractor XR01", which includes an oil temperature reminder function, providing a smoother cooking experience.
	Jun.	Launched the "Beauty Bath Water Heater," which is the industry's first water heater to combine patented technology for water purification, chlorine removal, and scale inhibition, providing a superior bathing experience for our customers.
	Jul.	Launched the "Intelligent Dual Flame Gas Stove with Auto Shut-off Function" to prevent forgetting to turn off the stove by automatically shutting off after a certain amount of time, ensuring kitchen cooking safety.
	Jul.	"Beauty Bath Water Heater" was awarded the NDA Silver Award at the French Innovation Design Competition, recognizing our innovative and unique design in the industry.
	Sep.	Upgraded service intelligence with "SAKURA i Care," providing a more real-time and convenient service experience for our customers.
	Sep.	"European-style Cooker Hood" won the Silver Award at the 2022 MUSE Design Awards in the United States, recognizing our excellent craftsmanship and design in the industry.
	Oct.	Launched the "Near-suction Oil Smoke Extractor," which combines near-suction and exhaust technology with a smoke-blocking design, providing a perfect match for open-style kitchens.

Chapter 3 Corporate Governance Report

I. Organization

(I) Organizational Chart



(II) Major Corporate Functions

Auditing Office	The Board of Directors and the Managers are responsible for inspecting and reviewing the deficiencies of the internal control system. Providing timely improvement suggestions to assist the Company in achieving the objectives of the internal control system and ensuring that the internal control system is continuously and effectively implemented and used as the basis for reviewing and amending the internal control system. In addition, the investigation team will report the investigation results directly to the Audit Committee on a regular basis to prevent internal deficiencies and eliminate dishonest practices to ensure the implementation of the integrity management policy.
Head of Corporate Governance	Responsible for reporting the corporate governance operation status to the Board of Directors, Directors and functional committees. Ensuring that the Company's shareholder meetings and board meetings are in compliance with relevant laws and regulations and Corporate Governance Principles. The Board of Directors and the Shareholders' Meeting are responsible for reviewing the disclosure of the major resolutions' important information, as well as ensuring the legality and accuracy of the disclosure information in order to protect the equality of investors in transaction information. Based on the characteristics of the Company's industry, the academic and experience background of the directors, planning annual continuing education programs and organizing courses for Directors.
Business Planning Division	Responsible for the Company's business planning, business analysis, company-wide management system integration planning, business performance management, investment analysis, enterprise resource integration and legal affairs, and assists the general manager and various business units to plan the Company's short-term and long-term development strategy. The Business Planning Division serves as a communication bridge between the Company, its investors, media, and stakeholders in order to effectively transmit the Company's business philosophy, latest developments, and Sustainable Development information to outside world. Allowing stakeholders to fully comprehend the Company's financial and operational information, as well as consolidate the Company's image.
Marketing Plan Division	Responsible for leading the marketing operation process, leading and integrating related marketing operations, cross-strait product design and integration.
Sales Management Division	Responsible for the marketing of kitchen appliances, water heaters and other related products.
Kitchen Business Division	Responsible for cabinet of kitchen system product development, manufacturing, marketing planning, execution and other related work.

Overseas Business Division	Responsible for the Company's own brand products, OEM/ODM international market's marketing operation and other related work, as well as the management of overseas subsidiaries.
Imported Business Division	Responsible for the sale of imported kitchen appliances and metal hardware parts.
Manufacturing Management Division	Responsible for the manufacture of kitchen appliances, water heaters and other related products.
Research & Development Center	Responsible for the Company's planning and implementation of new product and new technology research and development, research and development of medium and long-term strategic products and core modules.
Service Management Division	Coordinates and manages the brand of the Group related to consumer services, product maintenance and quality improvement supervision and management, and integrates business services, as well as education and training related work.
Finance Department	Manages financial accounting, tax accounting, management accounting and fund management tasks. Providing professional financial services to enhance the profitable growth of business units, establishing strict risk control and integrity principles, in order to promote the transparency of company operations, and implementing financial plans to protect shareholders' rights.
Digital Application Department	Responsible for the establishment and maintenance of the Company's information software and hardware system, and information security maintenance and backup systems, as well as other relevant duties. Planning, building, and maintaining the company's information management system to fulfill users' systemization demands, maximizing the advantages of information-related investment, reducing the company's operational and information security risks, and enhancing the company's competitiveness.
Human Resource Department	Responsible for human resources, training and development, general affairs and other related work of the company. Planning and implementing organizational human resource strategies in accordance with the strategic development needs, in order to the human capital can be continuously strengthened and cultivated, ensuring the sustainable operation of the Company. Formulate performance management and training development policies and regulations to enhance organizational performance and core competencies. Formulate occupational health and safety policies, provide various services related to employee affairs and build a good working environment.

II. Directors and Management Team

(I) Directors

1. Director Information :

As of 23 April 2023

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Su- pervisors who are spouses or within two degrees of kin- ship			Re- mark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Chair- man	R.O.C.	UNJ Holding Corp.	-	17/06/2022	3	17/06/2022	4,701,000			2.13%	4,701,000	2.13%	
		Representa- tive: Yung-Chieh Chang	Male 41-50 Years old	17/06/2022	3	04/06/2013	416,493	0.19%	416,493	0.19%	355	0.00%	4,701,000	2.13%	International Relations BA, The University of Southern California (USC). Chairman, Sakura Bath and Kitchen Products (China) Co., Ltd. Special assistant to chairman, Taiwan Sa- kura Corporation Executive Director of Svago International Cor- poration	Chairman, Taiwan Sakura Corporation Chairman, Sakura Bath and Kitchen Products (China) Co., Ltd. Chairman, Sakura Bath and Kitchen Products (Shunde) Co., Ltd. Chairman, Sakura Bath and Kitchen Products (Huanan) Co., Ltd. Chairman, Svago International Corpo- ration Director, Sakura Enterprise (B.V.I.) Ltd. Director, SAKURAENTERPRISES (B.V.I.) LTD. Director, SAKURA (CAYMAN) CO., LTD. Director, Sakura China Holdings (HK) Co., Ltd. Chairman, SAKURA Home Collec- tion Co., Ltd. Chairman, UNJ Holding Corp. Director, Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	NA	NA	NA	NA
Director	R.O.C.	UNJ Holding Corp.	-	17/06/2022	3	17/06/2022	4,701,000	2.13%	4,701,000	2.13%	-	-	-	-	-	-	-	-	-	-
		Representa- tive: Gen-Cheng Wu	Male 61-70 Years old	17/06/2022	3	01/03/2020	-	-	-	-	-	-	-	-	Department of Journal- ism, Chinese Culture University Senior Vice President, Want Want China Times Media Group Publisher/President, China Times Chairman, China Televi- sion Company, Ltd. Chairman, China Times	Chairman, JING SHIH Finance and Economic Media Co., Ltd. Independent Director, Inalways Cor- poration Independent Director, Ming-Shi- uan Development Co., Ltd	NA	NA	NA	NA

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Su- pervisors who are spouses or within two degrees of kin- ship			Re- mark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
														Weekly General Manager, Info- times						
Director	R.O.C.	Yuo-Tu Lin	Male 61-70 Years old	17/06/2022	3	24/04/2005	1,654,301	0.75%	1,654,301	0.75%	60	0.00%	-	-	General Manager of Marketing and Man- agement Department, Taiwan Sakura Executive Vice Presi- dent of Taiwan Sakura Corporation	General Manager, Taiwan Sakura Cor- poration Director, Sakura Enterprise (B.V. I.) Ltd. Director, Svago International Corpo- ration Director, SAKURA Home Collection Co., Ltd. Director, Mekong Trading Corpora- tion	NA	NA	NA	NA
Director	R.O.C.	Svago Interna- tional Corpo- ration	-	17/06/2022	3	04/06/2002	2,312,932	1.05%	2,312,932	1.05%	-	-	-	-	-	-	-	-	-	
		Representa- tive: Hui-Hsun Lee	Male 51-60 Years old	17/06/2022	3	19/01/2018	38,000	0.02%	41,000	0.02%	-	-	-	-	Department of Business Administration, Chung- Yuan Christian Univer- sity Manager, Consumer Product Business Divi- sion, Yuen Foong Yu Pa- per Mfg. Co., Ltd. Supervisor of SAKURA Home Collection Co., Ltd. Executive Vice Presi- dent of Taiwan Sakura Corporation	Vice President, SAKURA Home Col- lection Co., Ltd. Supervisor, Puda Industrial Co., Ltd. Supervisor, Svago International Cor- poration Director, SAKURA Home Collection Co., Ltd.	NA	NA	NA	NA

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Sharehold- ing		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Su- pervisors who are spouses of within two degrees of kin- ship			Re- mark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Ko Li Te In- vestment, Ltd.	-	17/06/2022	3	91.06.04	2,312,932	1.05%	2,312,932	1.05%	-	-	-	-	-	-	-	-	-	-
		Representa- tive: Wen-Su Tsai	Male 61-70 Years old	17/06/2022	3	105.06.13	12,248	0.01%	12,248	0.01%	4,800	0.00%	-	-	Senior Manager, Ying Chun Co., Ltd.	Vice President of Sales Manage- ment Division, Taiwan Sakura Corporation	NA	NA	NA	NA
Director	R.O.C.	Ko Li Te In- vestment, Ltd.	-	17/06/2022	3	108.06.24	13,268,176	6.00%	13,268,176	6.00%	-	-	-	-	-	-	-	-	-	-
		Ching-Wen Chang	Female 41-50 Years old	17/06/2022	3	111.06.17	93,439	0.04%	93,439	0.04%	-	-	-	-	USC Marshall School of Business Manage- ment Department Managing director, Sakura Bath and Kitchen Products (China) Co., Ltd.	Supervisor, Ko Li Te Investment Co., Ltd.	Vice Presi- dent	Yung- Cheng Chang	Sib- ling	NA
Inde- pendent Director	R.O.C.	Jyh-Ren Chen	Male 61-70 Years old	17/06/2022	3	105.06.13	-	-	-	-	-	-	-	-	M.B.A., University of Central Oklahoma Manager of Financial Management Depart- ment, Globe Union In- dustrial Corp. Vice President of Fi- nance and IT Depart- ment, Genius Electronic Optical Co., Ltd. CEO, King Tony Tools Co., Ltd. (Europe) General Manager, King Tony Tools Co., Ltd. (U.S.)	Consultant, HONG YI Business Ad- ministration Office Director, GMT Global Inc. Independent Director, H.P.B. Optoelec- tronics Co., Ltd.	NA	NA	NA	NA
Inde- pendent Director	R.O.C.	Yu-Cheng Chen	Male 61-70 Years old	17/06/2022	3	105.06.13	-	-	-	-	-	-	-	-	National Chung Cheng University of Ph.D, Chi- nese Culture University Independent Director of Sen Tien Printing Fac- tory Co., Ltd. Independent Director of Grand Bills Finance Corporation Supervisor of Tachia Yung Ho Machine In- dustry Co., Ltd. Independent Director of DaFon Environmental Technology CO., LTD.	Remuneration Committee Member, Taiwan Sakura Corporation Professor of Department of Finance, National Chung Hsing University Independent Director, Sunspring Metal Corporation. Convenor of the Audit Committee, Sunspring Metal Corporation Remuneration Committee Member, Sunspring Metal Corporation.	NA	NA	NA	NA

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Sharehold- ing		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Su- pervisors who are spouses of within two degrees of kin- ship			Re- mark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
														Chairman of Department Accounting, Providence University Chairman of Department Accounting, National Chung Hsing University Chairman of Department of Finance, National Chung Hsing University						
Independent Director	R.O.C.	Ming-Yuan Cheng	Male 51-60 Years old	17/06/2022	3	108.06.24	-	-	-	-	-	-	-	Doctor of Philosophy Ph.D. Chairman of Sunko Ink Co. Ltd. Supervisor of Tsang Yow Industrial Co., Ltd. Supervisor of Kuo Ching Chemical Co., Ltd. Vice President of IBT Securities Co., Ltd. Manager of SBC Global Asset Management (Taiwan) Limited Lecturer, Department of Finance and Insurance, Shu-Te University of Science and Technology	Remuneration Committee Member, Taiwan Sakura Corporation Assistant Professor (part-time), Department of Accounting, Feng Chia University. Representative, LONG TENG Capital Independent Director, TaiwanJ Pharmaceuticals Co., Ltd. Remuneration Committee Member, TaiwanJ Pharmaceuticals Co., Ltd.	NA	NA	NA	NA	

Note 1: Pursuant to Article 14-4, Securities and Exchange Act, the Company established Audit Committee to replace the supervisors as of 24/06/2019.

Note 2: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto, e.g. increasing the seats of independent directors while no more than half of the board of directors are concurrently employees or managers.

Note 3: The corporate director " Ko Li Te Investment Co., Ltd." has been registered under a new name " Ko Li Te Investment, Ltd." since September 28th, 2022.

2. Major shareholders of the institutional shareholders :

As of 23 April 2023

Name of institutional shareholders	Major shareholders
Svago International Corporation	Taiwan Sakura Corporation 100%
Ko Li Te Investment, Ltd.	Yong-Cheng Jhang 50%, Ching-Wen Chang 49%, Ming-Siang Tsai 1%
UNJ Holding Corp.	Yung-Chieh Chang 97%, Man-Shi Li 3%

3. Major shareholders of the Company's major institutional shareholders :

As of 23 April 2023

Name of institutional shareholders	Major shareholders
Taiwan Sakura Corporation	Fubon Life Insurance Co., Ltd. 7.51%, Jin Rong Investment Co., Ltd. 6.42%, Yuan Chi Investment, Ltd. 6.02%, Ko Li Te Investment, Ltd. 6.00%, Chin Yeh Investment Co., Ltd. 5.51%, Taiwan Sakura Corporation Employee Stock Ownership Trust Property Account of CTBC Bank 4.47%, Far Eastern International Bank Fiduciary Investment Account of Hong Way Property Co., Ltd. of 4.28%, The business department of Standard Chartered International Commercial Bank Fiduciary Investment Account of Swedbank's Robur global fund investment of 3.17%, Chia Chun Investment Co., Ltd. 2.40%, UNJ Holding Corp. 2.13%.

4. Disclosure of Directors' Professional Qualifications and Independent Directors' Independence

Name	Conditions	Professional Qualifications and Experience	Independent Status	Number of independent directors of other public companies
UNJ Holding Corp. Representative: Yung-Chieh Chang		<ul style="list-style-type: none"> International Relations BA, The University of Southern California (USC). General Manager of Sakura Bath & Kitchen Products (China) Co., Ltd.; Special assistant to the chairman, Taiwan Sakura Corporation; Chief Executive of Svago International Corporation Industry experience, management and crisis handling ability, international market perspective, leadership and decision-making ability. There are no occurrences under Article 30 of the Company Act. 	Not applicable	0
UNJ Holding Corp. Representative: Gen-Cheng Wu		<ul style="list-style-type: none"> Senior Vice President of Want Want China Times Media Group Headquarters, Publisher / President of China Times Group, Chairman of China Television Company, Ltd, Chairman Of China Times Weekly General Manager of Infotimes Corporation. Crisis handling ability, leadership and decision-making ability. There are no occurrences under Article 30 of the Company Act. 	Not applicable	2
Yuo-Tu Lin		<ul style="list-style-type: none"> Vice President of Marketing Management Department of Taiwan Sakura Corporation and has received awards such as the Outstanding Manager Award for the Central Region, the National Outstanding Manager Award, and the National Outstanding CEO Award. Industry experience, management and crisis handling ability, international market perspective, leadership and decision-making ability. There are no occurrences under Article 30 of the Company Act. 	Not applicable	0

Conditions Name	Professional Qualifications and Experience	Independent Status	Number of independent directors of other public companies
Svago International Corporation Representative: Hui-Hsun Li	<ul style="list-style-type: none"> • Manager, Consumer Product Business Division, Yuen Foong Yu Paper Mfg. Co., Ltd., Director of Planning Department of Taiwan Sakura Corporation, Vice president of the Business Planning Division, Taiwan Sakura Corporation and has received awards such as the Outstanding Manager Award for the Central Rhas received the Outstanding Manager Award for the Central Region • Industry experience, management and crisis handling ability, leadership and decision-making ability. • There are no occurrences under Article 30 of the Company Act. 	Not applicable	0
Svago International Corporation Representative: Wen-Su Tsai	<ul style="list-style-type: none"> • Senior Manager, Ying Chun Co., Ltd., Specializes in service and marketing • Industry experience, management and crisis handling ability, leadership and decision-making ability. • There are no occurrences under Article 30 of the Company Act. 	Not applicable	0
Ko Li Te Investment Co., Ltd. Representative: Ching-Wen Chang	<ul style="list-style-type: none"> • USC Marshall School of Business Management Department, Managing director, Sakura Bath and Kitchen Products (China) Co., Ltd. • Industry experience, management and crisis handling ability and international market perspective, ability. • There are no occurrences under Article 30 of the Company Act. There are no occurrences under Article 30 of the Company Act. 	Not applicable	0
Independent Director: Jyh-Ren Chen	<ul style="list-style-type: none"> • Convener of the Company's Audit Committee. • Master of Business Administration, University of Oklahoma. • Specialized in financial accounting and corporate governance, high degree of professional corporate governance and management practices, financial information analysis and application capabilities. Extensive experience and strategic planning expertise in company-related industries, as well as provide insightful discernment and analysis on industry development. • Manager of the Financial Department, Globe Union; Vice President of Finance and Information Division, Genius Electronic Optical (GSEO); Chief Operating Officer, King Tony Group Ltd.; General Manager of King Tony Tools Co. Ltd. • There are no occurrences under Article 30 of the Company Act. 	The Company meets the independence requirements outlined in "the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1
Independent Director: Yu-Cheng Chen	<ul style="list-style-type: none"> • Ph.D., the Department of Accounting, National Chengchi University • Member of the Audit Committee of the Company. • Convener of the Company's Compensation Committee. • Head of Department Accounting, Providence University; Head of Department Accounting, National Chung Hsing University; Head of Department of Finance, National Chung Hsing University • Professor, Department of Finance, National Chung Hsing University • Specialized in accounting and financial analysis, business management, and payroll performance management, corporate growth, and related investments, all of which will be extremely beneficial to the company's future operations and financial planning. • There are no occurrences under Article 30 of the Company Act. 	The Company meets the independence requirements outlined in "the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1

Conditions Name	Professional Qualifications and Experience	Independent Status	Number of independent directors of other public companies
Independent Director: Ming-Yuan Cheng	<ul style="list-style-type: none"> • Ph.D., Department of Business Administration, National Chung Cheng University • Member of the Company's Audit Committee • Members of the Company's Remuneration Committee • Chairman of Sunko Ink Co. Ltd.; Vice President of IBT Securities Co., Ltd.; Manager of SBC Global Asset Management (Taiwan) Limited; Lecturer, Department of Finance and Insurance, Shu-Te University of Science and Technology • Assistant Professor (part-time), Department of Accounting, Feng Chia University • Specializes in financial accounting, corporate governance and financial insurance, with a high degree of professionalism and operational practice, as well as providing competent insights and suggestions for the company's financial planning and future development • There are no occurrences under Article 30 of the Company Act. 	The Company meets the independence requirements outlined in "the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1

5. Diversity and Independence of the Board of Directors

(1) The Implementation of the board diversity policy :

The selection and nomination of the members of the board of directors of the company follow the provisions of the company's articles of association and adopt a candidate nomination system. To strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, the company revised the "Corporate Governance Practice Guidelines" in 2022. The composition of the board of directors should consider diversification and develop appropriate diversification policies for operations, operating models, and development needs. Various aspects of diversification should be evaluated, such as basic conditions and values (such as gender, age, nationality, and culture), professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Article of the Company's Corporate Governance Principles states that the Board of Directors shall possess the following competencies to strengthen the functions of the Board of Directors and achieve the desired goals of corporate governance:

1. Operational evaluation
2. Accounting and financial analysis capabilities
3. Management capabilities
4. Crisis management
5. Industrial knowledge capability
6. Global market perspective
7. Leadership
8. Decision-making abilities

In summary, the Company's current Board of Directors consists of nine directors (including three independent directors), all of whom possess operational judgment, leadership decision-making, business management, international market perspective, crisis management, etc., as well as industry experience and professional capabilities; Among them, those who are good at professional service and marketing are Chairman Yung-Chieh Chang, Director Yuo-Tu Lin, Director Hui-Hsun Lee, Director Wen-Su Tsai and Director Ching-Wen Chang. Independent directors have expertise in accounting, finance, and corporate governance. Independent director Jyh-Ren Chen - serves as Convener of Audit Committee. He has more than 30 years of practical management experience and specializes in financial accounting and corporate governance. He is highly professional in corporate governance and management practices, analysis and application of financial information. He also has extensive experience as well as the professional ability of strategic planning and provides forward-looking insight and analysis on the development of the industry. Yu-Cheng Chen - Independent Director serves as the convener of the company's Compensation Committee. He is currently a professor in the Department of Finance of National Chung Hsing University. He specializes in financial analysis and business operations and has extensive expertise in compensation and performance management, corporate growth, and related investments, which will benefit the Company's future operations and financial planning. Ming-Yuan Cheng - Independent Director, is also a member of the Company's Remuneration Committee. He was a lecturer in the Department of Finance and Insurance of Shu-Te University and is currently serving as an Assistant Professor in the Department of Accounting at Feng Chia University, specializing in financial accounting, compensation performance management, corporate governance, and financial insurance.

The board members are all Taiwan nationals, and the composition of the board of directors is 33% directors with employee status. The age distribution range of board members is: 2 director is between 41 and 50 years old, 2 directors are between 51 and 60 years old, and 5 directors are between 61 and 70 years old. In addition, the company also values the diversity of the gender composition of the board members. The target for female board members is set at least one seat, and this term currently has one female board member, which has been achieved. The proportion of female board members is 11%, and the company will continue to increase the proportion of female board members in the future.

The current status and implementation of the company's diversity policy for the Board of Directors are as follows:

Name of Directors	Diversity Core Item	Basic composition							Industrial experience			Professional knowledge/skills							
		Nationality	Gender	Concurrent position in the company	Age			Tenure of Independent Director		Professional Services and Marketing	Finance and Banking	Commerce and Supply	Operational evaluation	Accounting and financial analysis capabilities	Management capabilities	Crisis management capabilities	Industrial knowledge capability	Global market perspective	Leadership Decision Making capabilities
					41 to 50	51 to 60	61 to 70	4-6 years	7-9 years										
UNJ Holding Corp. Representative: Yung-Chieh Chang	ROC	Male		✓					✓	✓	✓	✓	○	✓	✓	✓	✓	✓	
UNJ Holding Corp. Representative: Gen-Cheng Wu	ROC	Male				✓			○	○	○	○	○	✓	✓			✓	
Yuo-Tu Lin	ROC	Male	✓			✓			✓	✓	✓	✓	○	✓	✓	✓	○	✓	
Svago International Corporation Representative: Hui-Hsun Lee	ROC	Male	✓		✓				✓	✓	✓	✓	○	✓	✓	✓	○	✓	
Svago International Corporation Representative: Wen-Su Tsai	ROC	Male	✓			✓			✓	○	✓	✓	○	✓	✓	✓	○	✓	
Ko Li Te Investment, Ltd. Representative: Ching-Wen Chang	ROC	Female		✓					✓	○	✓	○	○	✓	○	✓	✓	○	
Independence Director: Jyh-Ren Chen	ROC	Male				✓		✓		✓	✓	✓	✓	✓	○	○	✓	○	
Independence Director: Yu-Cheng Chen	ROC	Male				✓		✓		✓			✓	✓					
Independence Director: Ming-Yuan Cheng	ROC	Male			✓		✓			✓			✓	✓					

Note: ✓: full capability; ○: partial capability

(2) Independence of the Board of Directors. :

The current board of directors of our company consists of 9 members, among whom 3 are independent directors, accounting for 33% of the total. One independent director has served for 4 years, while two have served for 7 years, and the continuous term of each independent director does not exceed 3 terms. All independent directors have provided independence statements in accordance with the "Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies" when they were nominated as candidates for independent directors, confirming their independence and that of their specified relatives relative to the company. Moreover, there are no spousal or second-degree kinship relationships among any of our directors, which is in compliance with Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act.

(II) Management Team

As of 23 April 2023

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 1)
					Shares	%	Shares	Shares	%	Shares			Title	Name	Relation	
General Manager	R.O.C	Yuo-Tu Lin	Male	13/06/2013	1,654,301	0.75%	60	0.00%	-	-	Marketing Vice President, Taiwan Sakura Corporation Executive Vice President, Taiwan Sakura Corporation	Director, Sakura Enterprise (B.V.I.) Ltd. Director, Svago International Corporation Director, SAKURA Home Collection Co., Ltd. Director, Mekong Trading Corporation	NA	NA	NA	NA
Executive Vice President (Note 2)	R.O.C	Hui-Hsun Lee	Male	01/07/2022	41,000	0.02%	-	-	-	-	Department of Business Administration, Chung-Yuan Christian University Manager, Consumer Product Business Division, Yuen Foong Yu Paper Mfg. Co., Ltd. Supervisor, Puda Industrial Co., Ltd. Supervisor, SAKURA Home Collection Co., Ltd.	Director, Puda Industrial Co., Ltd. Supervisor, Svago International Corporation Director, SAKURA Home Collection Co., Ltd.	NA	NA	NA	NA
Marketing and Management Department Deputy General Manager	R.O.C	Wen-Su Tsai	Male	01/03/2015	12,248	0.01%	4,800	0.00%	-	-	Senior Manager, Ying Chun Co., Ltd. Assistant Vice President, Sales Management Division, Taiwan Sakura Corporation	NA	NA	NA	NA	
Vice President, Manufacturing Management Division and Research & Development Center	R.O.C	Yih-Yuan Hsu	Male	17/02/2014	-	-	-	-	-	-	Master of Engineering, Department of Chemical Engineering, National Taiwan University of Science and Technology Factory Director, Ichia Technologies, Inc. QC/QA Supervisor, Ford Lio Ho Motor Co., Ltd.	NA	NA	NA	NA	
Vice President, Kitchen Business Division	R.O.C	Tsung-Nan Hsieh	Male	01/02/2013	-	-	-	-	-	-	Section Manager, Foreign Business Division, Tatung Department Store Ltd.	Director, Puda Industrial Co., Ltd. Supervisor, SAKURA Home Collection Co., Ltd.	NA	NA	NA	NA
Vice President, Business Planning Division	R.O.C	Hung-Chi, Lai	Male	01/09/2021	-	-	-	-	-	-	Institute of Executive Management, National Chiao Tung University Financial Manager, Sakura Construction Co., Ltd. Chief Financial Division, Taiwan Sakura Corporation Deputy General Manager, Sakura Bath and Kitchen Products (China) Co., Ltd.	Supervisor, Sakura Bath and Kitchen Products (China) Co., Ltd. Supervisor, Sakura Bath and Kitchen Products (Shunde) Co., Ltd. Director, Mekong Trading Corporation Director, Sakura Bath and Kitchen Products (Huanan) Co., Ltd. Supervisor, Puda Industrial Co., Ltd.	NA	NA	NA	NA
Vice President, Overseas Business Division (Note3)	R.O.C	Yong-Zheng Chang	Male	10/01/2023	67,853	0.03%	7,000	0.00%	-	-	Department of Business Administration, California State Polytechnic University, Pomona CER, Sakura Bath and Kitchen Products (China) Co.,	Director, Svago International Corporation Director, Sakura Bath and Kitchen Products (China) Co., Ltd.	NA	NA	NA	NA

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 1)
					Shares	%	Shares	Shares	%	Shares			Title	Name	Relation	
											Ltd.	Director, Sakura Bath and Kitchen Products (Shunde) Co., Ltd. Chairman, Ko Li Te Investment, Ltd.				
Assistant Vice President, Imported Business Division	R.O.C	Wei-Hung Chen	Male	02/09/2019	2,000	0.00%	3,000	0.00%	-	-	MBA, HEC Paris General Manager, Meyer Taiwan	NA	NA	NA	NA	
Director, Marketing Plan Division	R.O.C	Shu-Chen Teng	Female	01/01/2016	-	-	-	-	-	-	Department of Commercial Design, Chung Yuan University Marketing Manager, Grey Advertising Co., Ltd. Assistant Director, J. Walter Thompson (Taiwan) Ltd. Marketing Director, Toplan Marketing Co., Ltd.	NA	NA	NA	NA	
Assistant Vice President, Research & Development Center	R.O.C	Wen-I Chen	Male	01/07/2017	-	-	-	-	-	-	EMBA, Feng Chia University Senior Manager, Research & Development Center, Taiwan Sakura Corporation	NA	NA	NA	NA	
Senior Manager, Service Management Division	R.O.C	Jin-hui Zhong	Female	01/10/2022	-	-	1,000	0.00%	-	-	Department of Leisure and Recreation Business Management, National Taichung University of Science and Technology Senior Associate, TeleXpress Corp Assistant Manager, HAVAS FIELD FORCE TAIWAN LTD.	NA	NA	NA	NA	
Assistant Vice President, Digital Application Department	R.O.C	Yueh-Tiann Tsai	Female	15/07/2014	-	-	-	-	-	-	Master's Degree, Department of Accounting and Information Technology, National Chung Cheng University Executive Assistance to General Manager, Keyarrow Co., Ltd. Vice President, IT Division, VeeTime Corp. Vice General Manager, Performax Co. Ltd. Manager, IT Department and Marketing Department, Mobiletron Electronics Co., Ltd	NA	NA	NA	NA	
Finance Department Manager Head of Corporate Governance	R.O.C	Hsiu-Chi Chan	Female	01/04/2021	-	-	-	-	-	-	Financial Coordinator, Taiwan Sakura Corporation	Financial Supervisor, Svago International Corporation Financial Supervisor, SAKURA Home Collection Co., Ltd. Financial Supervisor, Sakura Enterprise (B.V. I.) Ltd. Financial Supervisor, Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	NA	NA	NA	NA

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note 1)
					Shares	%	Shares	Shares	%	Shares			Title	Name	Relation	
Manager, Human Resource Department	R.O.C	Wan-Ju Liao	Female	11/04/2018	-	-	-	-	-	-	MBA, Institute of Human Resource Management, National Sun Yat-Sen University HR Specialist, Chiao Fu Enterprise Co., Ltd.	NA	NA	NA	NA	NA
Senior Manager, Auditing Office	R.O.C	Chiao-Ho Chen	Female	01/04/2021	433	0.00%	-	-	-	-	Department of Accounting and Information Technology, National Chung Cheng University Manager, Auditing Office, Taiwan Sakura Corporation Chief Financial Officer, Taiwan Sakura Corporation	NA	NA	NA	NA	NA

Note 1: When the General Manager or an equivalent position is the same person as the Chairman of the Board, their spouse, or a first-degree relative, the reasons, rationale, necessity, and corresponding measures should be disclosed.

Note 2: Hui-Hsun Lee was previously the Deputy General Manager of SAKURA Home Collection Co., Ltd. and was promoted to Executive Deputy General Manager on July 1, 2022.

Note 3: In response to the group's business strategy, integration of group resources, and expansion of overseas markets, the Overseas Business Division has been established as a new subsidiary responsible for overseas operations since the 2023 fiscal year. Yong-Zheng Chang, Deputy General Manager, serves as the top executive of the Overseas Business Division.

III. Remuneration of Directors, General Manager, and Vice President

(I) Remuneration of Directors and Independent Directors of 2022

Unit: NTS thousands

Title	Name	Remuneration of Directors								Relevant Remuneration Received by Directors Who Are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Compensation Paid to Directors From an Invested Company Other than the Company's Subsidiary		
		Base Compensation (A)		Retirement Pension (B)		Directors' Remuneration (C) (Note 1)		Allowances (D)		Ratio of Total Remuneration (A+B+C+D) to Net Income		Salary, Bonus and Allowances (E)		Retirement Pension (F)		Profit Sharing- Employee Bonus (G) (Note 2)						
		The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company		All Companies in the Consolidated Financial Statements			The Company	All Companies in the Consolidated Financial Statements
																Cash	Stock	Cash	Stock			
Chairman	UNJ Holding Corp. Representative: Yung-Chieh Chang	13,193	13,193	-	-	25,075	25,075	3,159	3,159	4.07%	4.07%	29,436	32,798	320	320	1,153	-	1,153	-	7.10%	7.43%	None
Director	UNJ Holding Corp. Representative: Gen-Cheng Wu																					
Director	Yuo-Tu Lin																					
Director	Svago International Corporation Representative: Hui-Hsun Lee																					
Director	Svago International Corporation Representative: Wen-Su Tsai																					
Director	Ko Li Te Investment, Ltd. Representative: Cheng-Yi Lai (former) Ching-Wen Chang (current)																					
Independent Director	Jyh-Ren Chen	300	300	-	-	-	-	1,318	1,318	0.16%	0.16%	-	-	-	-	-	-	-	-	0.16%	0.16%	None
Independent Director	Yu-Cheng Chen																					
Independent Director	Ming-Yuan Cheng																					

1. Describe the policy, system, standards and structure for the remuneration of independent directors, and the relevance of the amount of to the responsibilities, risks and time commitment of the directors. Pursuant to Article 17 of the Company's Articles of Incorporation, the remuneration of the Chairman of the Board of Directors shall be 1.5 times the remuneration of the General Manager; the remuneration of the Vice Chairman shall be based on the remuneration of the General Manager; and remuneration of the other Directors shall be based on the remuneration of the executive officers, regardless of operating profit or loss. According to Article 20 of the Company's Articles of Incorporation, if the Company earns a profit (before tax and before distribution of employee remuneration and directors' remuneration), 2% to 8% of the annual profit shall be appropriated as employee remuneration and no more than 5% is used as directors' remuneration. The allocation of director remuneration in our company is determined based on the supervision, management, and level of actual participation of each director in the company's operations. Therefore, the remuneration of the Company's directors is based on their individual performance, the Company's operational performance and future operational risks and should be reasonable.

2. In addition to the above table, the remuneration received by the directors of the Company for services rendered to all entities listed in the financial statements (such as consultants who are not employees): None.

Note 1: The total amount allocated for director remuneration for the fiscal year 2022 is \$25,075 thousands. The individual distribution amounts are yet to be proposed, so they are estimated based on the actual distribution of director remuneration in the fiscal year 2021.

Note 2: The total amount allocated for employee remuneration for the fiscal year 2022 is \$39,592 thousands. The individual distribution amounts are yet to be proposed, so they are estimated based on the actual distribution of employee remuneration in the fiscal year 2021.

Range of Director's Remuneration Scale

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
Under NT\$ 1,000,000	Jyh-Ren Chen, Yu-Cheng Chen, Ming-Yuan Cheng, Gen-Cheng Wu, Ching-Wen Chang, Cheng-Yi Lai, Hui-Hsun Lee, Wen-Su Tsai, Ko Li Te Investment, Ltd.	Jyh-Ren Chen, Yu-Cheng Chen, Ming-Yuan Cheng, Gen-Cheng Wu, Ching-Wen Chang, Cheng-Yi Lai, Hui-Hsun Lee, Wen-Su Tsai, Ko Li Te Investment, Ltd.,	Jyh-Ren Chen, Yu-Cheng Chen, Ming-Yuan Cheng Gen-Cheng Wu, Ching-Wen Chang, Cheng-Yi Lai, Ko Li Te Investment, Ltd.,	Jyh-Ren Chen, Yu-Cheng Chen, Ming-Yuan Cheng, Gen-Cheng Wu, Ching-Wen Chang, Cheng-Yi Lai, Ko Li Te Investment, Ltd.,
NT\$1,000,000 ~ NT\$2,000,000				
NT\$2,000,000 ~ NT\$3,500,000				
NT\$3,500,000 ~ NT\$5,000,000	Svago International Corporation, Yuo-Tu Lin	Svago International Corporation, Yuo-Tu Lin	Svago International Corporation	Svago International Corporation
NT\$5,000,000 ~ NT\$10,000,000	-	-	Hui-Hsun Lee, Wen-Su Tsai	Hui-Hsun Lee, Wen-Su Tsai
NT\$10,000,000 ~ NT\$15,000,000	Yung-Chieh Chang	Yung-Chieh Chang	-	-
NT\$15,000,000 ~ NT\$30,000,000	UNJ Holding Corp.	UNJ Holding Corp.	UNJ Holding Corp., Yung-Chieh Chang, Yuo-Tu Lin	UNJ Holding Corp., Yung-Chieh Chang, Yuo-Tu Lin
NT\$30,000,000 ~ NT\$50,000,000				
NT\$50,000,000 ~NT\$100,000,000				
Over NT\$100,000,000				
Total	13	13	13	13

◆The remuneration disclosed in this form is different from that required by the income tax law. Therefore, the purpose of this form is for information disclosure and is not intended for taxation purposes.

(II) Remuneration of General Manager and Vice Presidents of 2022

Unit: NT\$ thousands

Title	Name	Salary (A) (Note 1)		Retirement Pension (B)		Bonus and Allowances (C) (Note 2)		Profit Sharing- Employee Bonus (D) (Note 3)				Ratio of Total Compensation (A+B+C+D) to Net Income		Compensation Paid to the President and Vice President from an In- vested Company Other than the Company's Subsidiary
		The Com- pany	All Companies in the Consoli- dated Financial Statements	The Com- pany	All Companies in the Consoli- dated Financial Statements	The Com- pany	All Companies in the Consolidated Financial State- ments	The Company		All Companies in the Consolidated Finan- cial Statements		The Com- pany	All Companies in the Consolidated Financial State- ments	
								Cash	Stock	Cash	Stock			
General Manager	Yuo-Tu Lin	13,641	13,641	577	577	30,700	32,202	2,350	-	2,350	-	4.64%	4.79%	None
Executive Vice President	Hui-Hsun Lee													
Vice President	Wen-Su Tsai													
Vice President	Yih-Yuan Hsu													
Vice President	Tsung-Nan Hsieh													
Vice President	Hung-Chi Lai													

Note 1: Fill in the salary, allowance, and severance pay of the president and vice presidents in the most recent year.

Note 2: Bonus and Allowances refer to all payments to the president and vice presidents, including salary, allowance, severance pay, bonuses, rewards, transportation allowance, special allowance, stipends, dormitory, and car, among other supplies in kind. Salary expenses including employee stock options, restricted stock awards, and share subscription in cash capital increase recognized in accordance with IFRS 2 Share-based Payment shall all be calculated as remuneration.

Note 3: The total amount allocated for employee remuneration for the fiscal year 2022 is \$39,592 thousands. The individual distribution amounts are yet to be proposed, so they are estimated based on the actual distribution of employee remuneration in the fiscal year 2021.

Range of General Manager's and Vice Presidents' Remuneration Scale

Range of Remuneration	Name of General Manager and Vice President	
	The Company	All Companies in the Consolidated Financial Statements
Under NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$2,000,000		
NT\$2,000,000 ~ NT\$3,500,000		
NT\$3,500,000 ~ NT\$5,000,000	Hung-Chi Lai	
NT\$5,000,000 ~ NT\$10,000,000	Hui-Hsun Lee, Wen-Su Tsai, Yih-Yuan Hsu, Tsung-Nan Hsieh,	Hui-Hsun Lee, Wen-Su Tsai, Yih-Yuan Hsu, Tsung-Nan Hsieh, Hung-Chi Lai
NT\$10,000,000 ~ NT\$15,000,000		
NT\$15,000,000 ~ NT\$30,000,000	Yuo-Tu Lin	Yuo-Tu Lin
NT\$30,000,000 ~ NT\$50,000,000		
NT\$50,000,000 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total	6	6

- ◆ The remuneration disclosed in this form is different from that required by the income tax law. Therefore, the purpose of this form is for information disclosure and is not intended for taxation purposes.

(III) Names of managerial officers who received employees' bonuses in the preceding year and the distribution

	Title	Name	Employee Bonus in Stock	Employee Bonus in Cash (Note 1)	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	General Manager	Yuo-Tu Lin	0	5,551	5,551	0.54%
	Executive Vice President	Hui-Hsun Lee				
	Vice President, Sales Management Division	Wen-Su Tsai				
	Vice President, Manufacturing Management Division and Research & Development Center	Yih-Yuan Hsu				
	Vice President, Kitchen Business Division	Tsung-Nan Hsieh				
	Vice President, Management Planning Division	Hung-Chi, Lai				
	Deputy General Manager, Overseas Business Division	Yong-Zheng Chang				
	Assistant Vice President, Imported Business Division	Wei-Hung Chen				
	Director, Marketing Plan Division	Shu-Chen Teng				
	Assistant Vice President, Research & Development Center	Wen-I Chen				
	Senior Manager, Service Management Division	Jin-Hui Zhong				
	Assistant Vice President, Digital Application Division	Yueh-Tiann Tsai				
	Finance Manager and Corporate Governance Officer	Hsiu- Chi Chan				
	Manager, Human Resource Division	Wan-Ju Liao				
	Senior Manager, Internal Audit Department	Chiao-Ho Chen				

Note 1: The total amount of employee remuneration allocated by the Board of Directors for 2022 is \$39,592 thousands. The individual distribution amounts have not been proposed yet, therefore an estimate is provisionally recorded based on the actual distribution of employee remuneration for 2021.

(IV) The following is a comparison and analysis of the total remuneration paid to the directors, general managers, and deputy general managers of our company and all subsidiary companies included in the consolidated financial statements over the past two fiscal years as a percentage of the individual financial statements' after-tax net income. Additionally, it explains the policies, standards, and composition of remuneration, the procedures for setting remuneration, and the relationship with operational performance and future risks.

1. The ratio of total remuneration to net income paid to directors, supervisors, general managers, and vice presidents of the Company in the two most recent fiscal years

Item	The Company				All Companies in the Consolidated Financial Statements			
	2022		2021		2022		2021	
	total amount	proportion of net profit after tax	total amount	proportion of net profit after tax	total amount	proportion of net profit after tax	total amount	proportion of net profit after tax
Directors' remuneration	43,045	4.22%	42,554	4.21%	43,045	4.2%	42,554	4.21%
General manager's and vice presidents' remuneration	47,268	4.64%	43,778	4.33%	48,770	4.79%	44,811	4.44%

2. The policy and standard of paying remuneration, the procedures of combining and determining remuneration, and the relationship between business performance and future risks

- (1) The director remuneration of the company, except for the reimbursement of directors' transportation expenses, is authorized by the provisions of Article 17 of the company's bylaws. Director remuneration is determined by the Board of Directors based on customary industry standards. The remuneration of the Chairman of the Board is 1.5 times the remuneration of the General Manager; the remuneration of the Vice Chairman of the Board is based on the remuneration of the General Manager; and the remuneration of other directors is based on the remuneration of managerial-level executives. Furthermore, according to Article 20 of the company's bylaws, if the company generates profits in a fiscal year, it should allocate director remuneration up to 5% of the profits. The distribution of director remuneration takes into account the directors' supervision, management, actual participation in the company's operations, the risks they assume, and their contributions to the company. It is subject to review by the Remuneration Committee.

- (2) The executive remuneration of the company is determined based on the Salary Management Regulations, which specify various allowances and bonuses for different job responsibilities. Furthermore, according to Article 20 of Articles of Incorporation, if the company generates profits in a fiscal year, it should allocate 2% to 8% of the profits as employee remuneration. The distribution of employee remuneration takes into account factors such as employee tenure, job level, performance evaluations, and other considerations. The disbursement of various bonuses is based on the company's annual business performance, operational conditions, achievement of business unit targets, individual performance accomplishments, and individual performance evaluations. The reasonableness of executive performance and remuneration is also subject to regular review and submission to the Remuneration Committee for deliberation.

(3) Relationship with operational performance and future risks:

The remuneration paid to directors and managerial personnel in our company is determined by the Compensation Committee based on their qualifications, level of contribution to the company, and operational performance. The committee also considers industry standards and factors such as potential operational risks, transaction risks, and financial risks that the company may face in the future. The remuneration is established and administered according to relevant management regulations. The Compensation Committee convenes at least once a year to review the performance evaluations of directors and managerial personnel, as well as the policies, systems, standards, and structure of remuneration. It assesses and establishes the remuneration for directors and managerial personnel and presents recommendations to the board of directors for discussion. This ensures that significant future risks are not incurred.

IV. Implementation of Corporate Governance

(I) Board of Directors

A total of 5 (A) board meetings were held in 2022. The attendance of directors and supervisors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Remarks
Chairman	Svago International Corporation Representative: Yung-Chieh Chang	2	0	100%	Former director Number of expected attendances: 2 times
Chairman	UNJ Holding Corp Representative: Yung-Chieh Chang	3	0	100%	Current director Number of expected attendances: 3 times
Director	You Tai Investment Co., Ltd. Representative: Gen-Cheng Wu	2	0	100%	Former director Number of expected attendances: 2 times
Director	UNJ Holding Corp Representative: Gen-Cheng Wu	2	1	67%	Current director Number of expected attendances: 3 times
Director	Yuo-Tu Lin	5	0	100%	Reappointment
Director	Svago International Corporation Representative: Hui-Hsun Lee	5	0	100%	Reappointment
Director	Ko Li Te Investment, Ltd. Representative: Wen-Su Tsai	2	0	100%	Former director- Number of expected attendances: 2 times
Director	Svago International Corporation Representative: Wen-Su Tsai	3	0	100%	Current director Number of expected attendances: 3 times
Director	Ko Li Te Investment, Ltd. Representative: Cheng-Yi Lai	1	0	50%	Former director- Number of expected attendances: 2 times
Director	Ko Li Te Investment, Ltd. Representative: Ching-Wen Chang	3	0	100%	Current director Number of expected attendances: 3 times
Independent Director	Jyh-Ren Chen	5	0	100%	Reappointment
Independent Director	Yu-Cheng Chen	5	0	100%	Reappointment
Independent Director	Ming-Yuan Cheng	5	0	100%	Reappointment

(Note) Date of election and appointment of the 13th Board of Directors: 17 June, 2022

Other items required to be stated:

I. In the event of the following occurrences, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response thereto should be specified:

(I) Items listed in Article 14-3 of the Securities and Exchange Act: the Company has set up an Audit Committee. Articles 14-3 of the Securities and Exchange Act does not apply. Please refer to the Audit Committee Operation section of the annual report.

(II) In addition to the above matters, resolutions of the board meetings for which independent directors expressed objection or held reservation and are recorded or presented in writing: None.

II. With respect to directors excusing themselves in the case of conflict of interest, the directors' names, contents of motion, reasons for conflict of interest and votes should be specified:

Date Session	Proposal	Name of the Director Who Was Excused	The Reasons for the Excuse and the Participation in the Voting	Resolution
17/03/2022 12-20	1. The Company's 2021 variable year-end bonus for the Chairman	Yung-Chieh Chang	The stakeholder was excused from the discussion and voting	Pursuant to the law, the concerning party was excused from the discussion and voting; the attending directors concurred.
	2. The Company's 2021 performance bonus for the General Manager	Yuo-Tu Lin		
14/03/2023 13-05	1. The Company's 2022 variable year-end bonus for the Chairman	Yung-Chieh Chang	The stakeholder was excused from the discussion and voting	Pursuant to the law, the concerning party was excused from the discussion and voting; the attending directors concurred.
	2. The Company's 2022 performance bonus for the General Manager	Yuo-Tu Lin		

III. Information on the assessment cycle, period, scope, method, and content of self-evaluation of the Board of Directors (or peer evaluation):

Cycle	Period	Scope	Method	Content
Once a year	01/01/2022 to 31/12/2022	The Board of Directors' performance evaluation.	The Board of Directors' performance evaluation is conducted through an internal questionnaire for self-assessment within the Board of Directors.	<ol style="list-style-type: none"> Level of participation in company operations Enhancing the quality of Board decision-making Composition and structure of the Board of Directors Director appointment and continuous education Internal controls
		Individual director performance evaluation	The individual director performance evaluation is conducted through an internal questionnaire for self-assessment by each director.	<ol style="list-style-type: none"> Understanding of company goals and missions Awareness of director responsibilities Level of participation in company operations Internal relationship management and communication Director's expertise and continuous education Internal controls
		Performance evaluation of functional committees (such as the Audit Committee or Remuneration Committee).	The performance evaluation of functional committees, such as the Audit Committee or Remuneration Committee, is conducted through an internal questionnaire for self-assessment within the respective committees.	<ol style="list-style-type: none"> Level of participation in company operations Awareness of functional committee responsibilities Enhancing the quality of functional committee decision-making Composition and appointment of functional committee members Internal controls

The performance evaluation results of the Board of Directors, individual directors, Audit Committee, and Remuneration Committee for the year 2022 were all excellent. The evaluation results have been submitted to the respective entities, with the Board of Directors on March 14, 2023, the Audit Committee on March 14, 2023, and the Remuneration Committee on March 13, 2023. These evaluation results have also been disclosed on the company's website for reference by investors.

IV. Measures taken to strengthen the functionality of the board of the current periods and execution status assessment:

In addition to enacting the Rules and Procedures for Board of Directors in accordance with Regulations Governing Procedure for Board of Directors Meetings of Public Companies, the Company has set up independent directors and established the Audit Committee to complete the structure of the Board of Directors, in the meantime improving the audit supervision functions and strengthening the management functions, which operates pursuant to relevant laws and regulations of the competent authorities, to simultaneously execute and supervise the functions properly.

(I) The Structure of the Board of Directors

The Board members are diversified and meet the demand for developing the Company. The Directors and Independent Directors are all experienced and well-educated, enabling the Board to make operating decisions, lead and supervise.

The Rules and Procedures for Board of Directors specify that the Company shall adopt the cumulative voting system and the candidate nomination system with respect to the elections of directors and independent directors, where the shareholders who hold a certain amount of shares may nominate a candidate. The procedures are conducted fair and square, to improve the involvement of minority shareholders and secure the rights of investors while simultaneously avoiding nomination monopoly and over-nomination. Moreover, the Board emphasizes independence and transparency. Every director and independent director is a separate individual exercising his or her own powers. The Company establishes performance evaluation system of the Board of Directors to enhance the operating efficiency of the Board. Pursuant to the Operating Procedures of Evaluation of the Board of Directors and the Functional Committee, the Company conducts internal self-evaluation of the Board and self-evaluation of the Board of Directors once a year. The shareholding of directors, the restrictions on share transfer, details of pledge and other information are disclosed on MOPS for public access.

(II) Audit Committee

The Audit Committee was established in our company in 2019. It meets at least once every quarter and is responsible for ensuring appropriate financial reporting, selecting (appointing) and evaluating auditors' independence and performance, overseeing the effective implementation of internal controls, ensuring compliance with relevant laws and regulations, and managing existing or potential risks. The committee is dedicated to effectively supervising the implementation of internal controls and the preparation of financial statements.

(III) Remuneration Committee

The Remuneration Committee was established in our company in 2011. It is responsible for formulating and periodically reviewing policies, systems, standards, and structures related to the annual and long-term performance goals and remuneration of directors and managerial personnel. The committee regularly evaluates the achievement of performance goals by directors and managerial personnel and determines the content and amount of individual remuneration. With a professional and objective position, the committee assesses matters related to remuneration of directors and managerial personnel and provides recommendations to the Board of Directors for decision-making purposes.

(IV) Improvement of information transparency

The Company has formulated and approved the "Internal Material Information Handling Procedures" by the board of directors. The financial information, major resolutions, attendance of the Board of Directors, courses taken by the directors and other information are duly disclosed on the MOPS. The financial and business information is also available on the official corporate website for timely information for the investors.

(V) Strengthened Corporate Governance

To strengthen corporate governance and improve risk management, the Company established " Code of Conduct for Integrity ", "Corporate Governance Best-Practice Principle", "Risk and Opportunities Management Approach" and "Crisis Management Approach" to establish a risk management mechanism for early detection, accurate measurement, effective monitoring, and strict control to prevent potential losses within the tolerable risk range, as well as in response to changes in internal and external environments. Continuously adjust and improve best practices in risk management to protect the interests of employees, shareholders, partners and customers, increase company value, and achieve the optimal principle of company resource allocation.

(II) The operation information of the Audit committee:

1. The Audit Committee of the Company consists of three independent directors whose primary responsibility is to assist the board of directors in supervising the following areas:
 - (1) The accurate reporting of the Company's financial statements.
 - (2) The selection (dismissal), independence and performance of CPAs.
 - (3) The effective implementation of the Company's internal control.
 - (4) The Company complies with relevant laws and regulations.
 - (5) The control of the existing or potential risks of the company.
2. The audit matters mainly include:
 - (1) Adoption or amendment of an internal control system.
 - (2) Assessment of the effectiveness of the internal control system.
 - (3) To formulate or amend procedures for handling significant financial transactions involving the acquisition or disposal of assets, derivative transactions, lending funds to others, and endorsement or provision of guarantees to others.
 - (4) A matter bearing on the personal interest of a director.
 - (5) A material asset or derivatives transaction.
 - (6) A material monetary loan, endorsement, or provision of guarantee.
 - (7) The offering, issuance, or private placement of any equity-type securities.
 - (8) The hiring or dismissal of an attesting CPA, or the compensation given there to.
 - (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
 - (10) Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
 - (11) The operating report and the surplus distribution or loss compensation proposal.
 - (12) Other significant circumstances as required by the Company or the competent authorities.

Review of Annual Financial Report.

The board of directors has prepared the Company's 2022 annual business report, financial statements and earnings distribution plan, among which the financial statements have been audited and completed by EY, and an audit report has been issued. The Audit Committee reviewed the above-mentioned business report, financial statements, and earnings distribution case and found no discrepancies.

Assessment of the Effectiveness of Internal Control System.

The Audit Committee evaluated the effectiveness of the policies and procedures of the Company's internal control system (including sales, procurement, production, personnel, finance, information security, legal compliance, and other control measures), and supervised the operation of the Company's internal audit unit and reviewed the results of the internal control self-assessment. The Audit Committee acknowledged that the Company's internal control system was effective.

3. A total of 4 (A) meetings of the Audit Committee were held in 2022. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Remarks
Independent Director	Jyh-Ren Chen	4	0	100%	Reappointment
Independent Director	Yu-Cheng Chen	4	0	100%	Reappointment
Independent Director	Ming-Yuan Cheng	4	0	100%	Reappointment

(Note) Inauguration date of the second Audit Committee: June 17, 2022

Other items required to be stated:

- I. In the event of the following occurrences, the dates of the meetings, sessions, contents of motion, the resolution and the Company's response thereto should be specified:

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

Date Session	Proposal	The Company's response to the Audit Committee's recommendation
17/03/2022 1-16	<ol style="list-style-type: none"> 1. Discussion on the 2021 business report and financial statements of the Company. 2. Discussion of the audit report for the fourth quarter of 2021. 3. Discussion on the 2021 internal control system statement of the Company. 4. Discussion on the independence assessment of the Company's auditor. 5. Sakura Home Collection Co. applies for a short-term credit loan financing limit from the North Taichung Branch of Hua Nan Bank, with the guarantee of renewal through the endorsement of our company. 	Approved by all Directors present without objection.
06/05/2022 1-17	<ol style="list-style-type: none"> 1. The Company's 2021 earnings distribution proposal. 2. Financial Report for the first quarter of the year 2022. 3. Audit Report for the first quarter of the year 2022. 4. Release of Independent Directors from Restrictions on Non-Competition. 5. Amendments to the Company's Articles of Incorporation. 6. Amendments to the "Rules and Procedures for Shareholders' Meeting". 7. Operational procedures for Acquisition and Disposal of Assets. 8. The Company's internal rules and regulations are amended as follows. <ol style="list-style-type: none"> (1) The "Corporate Governance Best-Practice Principles" (2) The "Corporate Social Responsibility Best Practice Principles" (3) The "Procedures for the Prevention of In-sider Trading" 	Approved by all Directors present without objection.
10/08/2022 2-1	<ol style="list-style-type: none"> 1. Election of the convener of the second session of the Audit Committee. 2. Discussion on the financial report for the second quarter of 2022. 3. Discussion on the audit report for the second quarter of 2022. 4. Proposal to purchase land by the company. 	Approved by all Directors present without objection.

07/11/2022 2-2	<ol style="list-style-type: none"> 1. Review of the third-quarter audit report of 2022. 2. Proposal for the internal audit annual plan for the year 2023 3. Discussion on the financial report for the third quarter of 2022. 4. Svago International Corporation applies for a short-term credit loan financing limit from Land Bank of Taiwan's West Taichung Branch, with the guarantee of renewal through our company's endorsement. 5. Cash capital increase plan for Sakura Home Collection Co., Ltd., a subsidiary of our company. 6. Proposal for the construction of a new factory building at our Wufeng plant. 7. Discussion on the change of our company's accounting supervisor. 8. Revision of the following internal regulations of our company: <ol style="list-style-type: none"> (1) "Internal Operating Procedures for Major Information Processing." (2) "Regulations on Related-Party Transactions Management." 	Approved by all Directors present without objection.
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(II) In addition to the above matters, matters resolved by over two-thirds of the Board of Directors but not yet resolved by the Audit Committee: None.

II. With respect to independent directors excusing themselves in the case of conflict of interest, the independent directors' names, contents of motion, reasons for conflict of interest and votes should be specified:

Date Session	Proposal	Name of Independent Director	Reasons for conflict of interest and votes	Resolution Result
06/05/2022 1-17	Release of Independent Directors from Restrictions on non-Competition	Jyh-Ren Chen Yu-Cheng Chen Ming-Yuan Cheng	As there is no risk of harming the interests of the Company, the independent directors did not need to recuse themselves.	The motion was passed without objection and forwarded to the Board of Directors for resolution after the Chairman consulted all members present.

III. Communications between the independent directors, the Company's chief internal auditor and certified public accountants (CPAs)

- (I) The Audit Committee serves as a communicate channel for independent directors and internal auditor to communicate with the Board of Directors. Internal auditor report to the Independent Directors at Audit Committee meetings on a frequent basis (at least four times a year) and consult with Committee members about the results of audit reports and the status of implementation of follow-up report. No such urgency took place in 2022. The communication channel between the Audit Committee and the internal auditor has been functioning well.
- (II) The Audit Committee serves as a communicate channel for communicate between independent directors and CPAs. The CPAs provides explanations to the independent directors in the Audit Committee on a quarterly basis regarding the results of audits or reviews of the financial statements, and communicates with the independent directors regarding whether there are any adjustments to the financial statements or amendments to laws and regulations that affect the presentation of the company's accounts. No such urgency took place in 2022. The communication channel between the Audit Committee and the CPAs has been functioning well.
- (III) The head of internal audit, accountants, and independent directors may contact each other directly as needed, ensuring open communication channels.

(IV) The issues which are discussed by the independent directors, the chief internal auditor and CPAs are as follows:

(1) The issues which were discussed by the independent directors and the chief internal auditor in 2022 are as follows:

Date	Committee	Items with the chief internal auditor	Results
17/03/2022 Audit Committee	Independent director, Jyh-Ren Chen Independent director, Yu-Cheng Chen Independent director, Ming-Yuan Cheng Audit Office Supervisor, Chiao-Ho Chen	1. Review the self-assessment report of the fiscal year 2021's internal controls. 2. Review the improvement tracking report of the third quarter and the audit report of the fourth quarter of the fiscal year 2021. 3. Audit the "Statement of Internal Control System" of the fiscal year 2021.	1. Noted, no further suggestions. 2. Noted, no further suggestions. 3. After deliberation by the Audit Committee, it will be reported to the Board of Directors.
06/05/2022 Audit Committee	Independent director, Jyh-Ren Chen Independent director, Yu-Cheng Chen Independent director, Ming-Yuan Cheng Audit Office Supervisor, Chiao-Ho Chen	1. Review the improvement tracking report of the fourth quarter of the fiscal year 2021 and the audit report of the first quarter of the fiscal year 2022. 2. Audit the revision of internal regulations.	1. Noted, no further suggestions. 2. After deliberation by the Audit Committee, it will be reported to the Board of Directors.
10/08/2022 Audit Committee	Independent director, Jyh-Ren Chen Independent director, Yu-Cheng Chen Independent director, Ming-Yuan Cheng Audit Office Supervisor, Chiao-Ho Chen	Review the improvement tracking report of the first quarter of the fiscal year 2022 and the audit report of the second quarter.	Noted, no further suggestions.
07/11/2022 Audit Committee	Independent director, Jyh-Ren Chen Independent director, Yu-Cheng Chen Independent director, Ming-Yuan Cheng Audit Office Supervisor, Chiao-Ho Chen	1. Review the improvement tracking report of the second quarter of the fiscal year 2022 and the audit report of the third quarter. 2. Audit the revision of internal regulations.	1. Noted, no further suggestions. 2. After deliberation by the Audit Committee, it will be reported to the Board of Directors.

(2) The issues which are discussed by the independent directors and CPAs in 2022 are as follows:

Date	Committee	Items with CPAs	Results
17/03/2022 Audit Committee	Independent director, Jyh-Ren Chen Independent director, Yu-Cheng Chen Independent director, Ming-Yuan Cheng Accountant, Yu-Ting Huang	1. Audit results and key audit matters for the fourth quarter of 2021 financial statements. 2. Updates on regulatory and tax laws.	Noted, no further suggestions.
10/08/2022 Audit Committee	Independent director, Jyh-Ren Chen Independent director, Yu-Cheng Chen Independent director, Ming-Yuan Cheng Accountant, Yu-Ting Huang	1. Review results of the second quarter of 2022 financial statements. 2. Updates on regulatory and tax laws, latest developments in sustainable development.	Noted, no further suggestions.
07/11/2022 Audit Committee	Independent director, Jyh-Ren Chen Independent director, Yu-Cheng Chen Independent director, Ming-Yuan Cheng Accountant, Yu-Ting Huang	1. Review results of the third quarter of 2022 financial statements. 2. Planning of the 2023 audit schedule and key audit matters. 3. Updates on regulatory and tax laws.	Noted, no further suggestions.

(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principle

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company formulated a formal code of practice for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and duly disclosed relevant information on the MOPS and the official corporate website. In addition to complying with laws, regulations, and Articles of Incorporation, the Company's corporate governance system has established an effective corporate governance structure to protect the rights and interests of shareholders, strengthen the functions of the Board of Directors, respect the rights and interests of stakeholders, and enhance information transparency.	Compliance with the code of practice for corporate governance.
II. Shareholding structure & shareholders' rights (I) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		The Company has set up a spokesperson, a proxy spokesperson, a legal affairs unit, and a stock affairs unit to handle shareholder proposals or disputes, etc. The stock affairs unit is in charge of matters related to general stock affairs issues, and other company-specific issues are handled by the spokesperson.	Compliance with the code of practice for corporate governance.
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Company uses the shareholder's register issued by the share agent to determine changes in shareholdings of directors, management, and large shareholders holding 10% or more of the shares, and reports the related information in compliance with the regulations.	Compliance with the code of practice for corporate governance.
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		The selection of the organizational form of the related companies has taken into account the firewall deployment, and the Company has established a related internal control system. The auditing unit conducts audits of subsidiaries on a regular or irregular basis.	Compliance with the code of practice for corporate governance.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		The Company has established the “Rules Governing the Handling of Material Internal Information” and the “Rules Governing the Prohibition of Insider Trading” to prohibit insiders from using undisclosed information to trade in marketable securities. The Company organizes these rules as mandatory annual training for all employees (including new employees), provide guidance on major violations that may arise from material internal information (such as insider trading) that can have a potentially significant impact on the Company, as well as legal penalties.	Compliance with the code of practice for corporate governance.
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Does the Board develop and implement a diversified policy for the composition of its members?</p>	V		<p>The Company's "Corporate Governance Best-Practice Principle" stipulates a policy on the diversity of board members. The directors of the Company have different professional backgrounds, work fields and practical experience. The selection of directors with the knowledge, skills and qualities necessary to perform their duties is considered, including but not limited to gender, age, nationality, culture, educational background, professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc., which may help improve the structure of the board of directors of the Company.</p> <p>In addition, the candidates' reputation for honesty and integrity, their outstanding achievements, experience, and reputation in various professional fields, their commitment to devote sufficient time to oversee the Company's business, their ability to assist in the management, and their contribution to the Company's success are all factors to be considered in the Board of Directors' nomination. In the case of independent directors, their qualifications shall comply with statutory requirements.</p> <p>Refer to page 21 for explanation of the diversity of the board of directors and the independence.</p>	Compliance with the code of practice for corporate governance.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	Although the Company has not yet established a committee for other functions, but it is actively starting to evaluate the establishment of such committees.	Cooperate with laws and regulations in the future or handle according to actual needs
(III) Does the company establish a standard to measure the performance of the Board and implement it annually and it is also used as a reference for individual director's remuneration and nomination for reappointment?	V		<p>The Company has established the "Board Self-Evaluation or Peer Evaluation Guidelines," which include conducting an annual board performance evaluation to be completed by the end of the first quarter of the following year. The evaluation scope includes the overall board performance, individual director performance, and performance evaluation of functional committees. Every three years, it is advisable to engage external professional organizations or experts/scholars to conduct the evaluation. The results of the performance evaluation serve as reference criteria for the future selection or nomination of directors and the determination of their individual remuneration.</p> <p>The results of the board performance evaluation, individual director performance evaluation, audit committee performance evaluation, and remuneration committee performance evaluation for the year 2022 were all excellent. These evaluation results have been submitted to the Board of Directors on March 14, 2023, the Audit Committee on March 14, 2023, and the Remuneration Committee on March 13, 2023. The relevant evaluation results have also been disclosed on the company's website for reference by investors. For further information on the evaluation cycle, period, scope, method, and content of the board and functional committee self-evaluation, please refer to page 33 of the annual report.</p>	Compliance with the code of practice for corporate governance
(IV) Does the company regularly evaluate the independence of	V		The Company's Audit Committee conducts an independent assessment of CPAs once a year. The main assessment issues are as follows:	Compliance with the code of practice for corporate

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
CPAs?			<p>1. Whether the CPAs hold shares of the Company.</p> <p>2. Whether the CPAs have any significant financial interests in the Company other than financial and tax audit fees.</p> <p>3. Whether the CPAs hold any position in the Company.</p> <p>4. Whether the CPAs have not changed for seven consecutive years.</p> <p>5. Whether the CPAs perform services for the company that might impair audit independence.</p> <p>6. Whether the CPAs have an actual or potential litigation relationship with the Company.</p> <p>7. Whether the CPAs receive any gifts of goods or services of inappropriate value from the Company.</p> <p>8. Whether the CPAs have been disciplined.</p> <p>In addition to the aforementioned evaluation content, starting from the year 2023, the company conducts an assessment of the independence and suitability based on the Audit Quality Indicator (AQI) information provided by the auditors. The assessment includes five major dimensions:</p> <p>1. Professionalism</p> <p>(1) Whether senior auditors have sufficient audit experience to perform the audit work.</p> <p>(2) Whether auditors and senior auditors receive sufficient education and training each year to continuously acquire professional knowledge and skills.</p> <p>(3) Whether the firm maintains an adequate pool of senior resources.</p> <p>(4) Whether the firm has sufficient professional staff to support the audit team.</p> <p>2. Quality Control</p> <p>(1) Whether auditors' workload is excessive.</p> <p>(2) Whether the involvement of audit team members at each stage of the audit is appropriate.</p>

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>(3) Whether the Engagement Quality Control Review (EQCR) auditor dedicates sufficient hours to perform the review of audit cases.</p> <p>(4) Whether the firm has adequate quality control resources to support the audit team.</p> <p>3. Independence</p> <p>(1) The impact of the proportion of non-audit service fees on independence.</p> <p>(2) The impact of the cumulative number of years of auditing a client's financial statements on independence.</p> <p>4. Oversight</p> <p>(1) Whether the firm's quality control and execution of audit cases comply with relevant laws and standards.</p> <p>(2) Whether the firm has sufficient quality control resources to support the audit team.</p> <p>5. Innovation Capability</p> <p>(1) The commitment of the accounting firm to enhance audit quality, including the firm's innovation capability and planning.</p> <p>The most recent evaluation result confirms that the auditors for the year 2023 are independent from the company and do not have any financial interests or business relationships other than the fees for financial and tax audits. The members of the audit service team also comply with the independence requirements. The AQI information related to audit quality also meets industry standards. The aforementioned evaluation result was deliberated and approved by the Audit Committee on March 14, 2023, and reported to and approved by the Board of Directors on the same day.</p>	
IV. Does the company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance	V		On March 17, 2021, the Board of Directors approved the appointment of the Head of Corporate Governance to the head of Finance Department, Hsiu-Chi Chan, who has more than 20 years of experience in financial management of public companies and whose main responsibilities are as follows:	Compliance with the code of practice for corporate governance.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board and shareholders' meeting related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)?			<ol style="list-style-type: none"> 1. Research and plan the corporate system and organizational structure to promote the independence of the Board of Directors, the transparency of the Company, compliance with laws and regulations, and the implementation of internal audit and internal control. 2. Report to the Board of Directors, Directors and functional committees on the Company's corporate governance activities and confirm that the Company's shareholder meetings and Board of Directors meetings are held in compliance with relevant laws and regulations and the Code of Corporate Governance. 3. Consult with directors before the board meeting to plan and prepare the agenda, notify all directors at least 7 days in advance to attend the meeting, and provide sufficient information to the directors to understand the content of the relevant issues; if the content of the issues is related to the interested parties and should be appropriately recused, the relevant parties will be reminded in advance. The minutes of the board meeting will be prepared after the meeting. 4. The date of the shareholders' meeting shall be registered annually according to the legal deadline, and the notice of the meeting, the manual and the minutes of the meeting shall be prepared and reported before the deadline, and related matters shall be dealt with after the amendment of the Articles of Incorporation or the election of new directors. 5. The Board of Directors and the shareholders' meeting are responsible for reviewing the disclosure of information on important resolutions of the Board of Directors and ensuring the legality and correctness of the content of the information to protect the equality of transaction information for investors. 	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>6. Reporting to the Board of Directors on the latest legal and regulatory amendments in the Company's areas of operation and corporate governance.</p> <p>7. Assisting directors in their appointment and planning and organizing annual continuing education programs for Directors according to their academic and experience background as well as the characteristics of the Company's industry.</p> <p>8. Providing directors with company information necessary for the performance of their duties and maintaining smooth communication between directors and department heads.</p> <p>9. Assisting in arranging meetings between independent directors and internal auditors or CPAs to understand the Company's financial operations.</p> <p>10. Other matters as specified in the articles of incorporation or contract.</p> <p>2021 Directors of Corporate Governance Operations.</p> <p>1. Report to the board of directors, directors and functional committees on the status of the Company's corporate governance operations and confirm that the Company's shareholders' meetings and board meetings are held in accordance with the relevant laws and regulations of Corporate Governance Code.</p> <p>2. Prepare annual work plans and meeting agendas for the board of directors, functional committees and prepare meeting materials; consult with Board members prior to Board meetings to plan and prepare agendas, notify all Board members of attendance at least seven days in advance, and provide sufficient meeting materials to facilitate Board members' understanding of relevant issues; if an issue is related to an interested party, provide a reminder in advance that the relevant party must be recused due to conflict of interest. In FY 2022, the</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>Company held 5 Board of Directors meetings, 4 Audit Committee meetings and 5 Remuneration Committee meetings.</p> <p>3. The Board of Directors and the shareholders' meeting are responsible for reviewing the release of material information on important resolutions of the Board of Directors, ensuring the legality and accuracy of the contents of the newsletters, and ensuring the equality of transaction information for investors.</p> <p>4. The Board of Directors and the shareholders' meeting are responsible for reviewing the disclosure of important information on important resolutions of the Board of Directors and ensuring the legality and correctness of the content of the re-information to protect the equality of transaction information for investors.</p> <p>5. Providing corporate information needed by directors and maintaining smooth communication between directors and department heads.</p> <p>6. Registering the date of shareholders' meeting (June 21, 2023) in accordance with the legal deadline and assist in convening the shareholders' meeting.</p> <p>7. The company arranged a 6-hour in-home training course for directors on "Sustainable Blueprint and Code of Conduct for Ethical Business Operations and Prevention of Insider Trading" and "Emerging Trends in Corporate Financial Information and Management." Other director training courses were also arranged based on individual needs.</p> <p>8. Independent directors, internal audit managers, and auditors held discussions during the Audit Committee meetings. A summary of the communication is provided on pages 38 and on the company's website.</p> <p>Details of the corporate governance director's training in 2022 can be found on page 74.</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		<p>The Company always emphasizes the balancing between rights and responsibilities to stakeholders, such as shareholders, employees, customers, and suppliers, and maintains open lines of communication:</p> <ol style="list-style-type: none"> 1. Shareholders: In addition to the annual shareholders' meeting, there is a special channel on the Company's website for investors and shareholders to post related documents, as well as a contact box at archie07@sakura.com.tw 2. Employees: <ol style="list-style-type: none"> (1) In terms of structure, the Company sets up employee relationship units and HR representative to strengthen positive interaction with employees and improve the communication mechanism with employees. (2) In terms of execution, the Company has internal announcement emails, websites, publications, and dedicated lines for employees to communicate information about Company activities and collect feedback from employees to ensure smooth communication between the company and employees. 3. Customers: In addition to daily business communication, meetings are also held regularly for discussion. In addition, a pledge meeting is held every year to communicate the Company's operational performance, prospects and development goals. 4. Suppliers: Through daily business communication and regular meetings and discussions. 5. Social responsibilities: holding events from time to time and donating to disadvantaged groups, sponsoring large-scale sports events, etc. <p>A stakeholder area has been set up on the Company's website to disclose relevant financial and business information, corporate governance information, corporate social responsibility information and stakeholder communication contact information, etc. A spokesperson and a proxy spokesperson are also available to serve as a communication channel with investors.</p>	Compliance with the code of practice for corporate.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed the Stock Agent Department of CTBC Bank as the Company's stock agency to handle the related matters of shareholding and the shareholders' meeting to ensure that the shareholders' meetings are held in a legal, effective and safe manner.	Compliance with the code of practice for corporate.
VII. Information Disclosure (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?			Relevant financial operations, CSR reports and corporate governance information have been disclosed in the Investor section of the Company's official website (www.sakura.com.tw) for the reference of shareholders and interested parties.	Compliance with the code of practice for corporate.
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		The company has established an English website to disclose relevant information about the company. There are designated units in charge of gathering and disclosure of information who disclose information of the Company via major information or press release irregularly. Hui-Hsun Lee, Vice President of Business Planning Division, currently acts as the spokesperson of the Company. At least two earnings calls are held every year, and the presentations are also made available on the company's website for shareholders and stakeholders to review.	Compliance with the code of practice for corporate.
(III) Does the company publicly announce and register with the Competent Authority financial reports within two months after the close of the fiscal year and publicly announce and register with the Competent Authority the financial reports for the first, second, and third quarters and the business reports for each month of the fiscal year in advance?	V		The company has filed annual and quarterly financial reports as well as monthly operations within the legal deadlines, but has not filed annual financial reports within two months of the fiscal year's end.	As stated in the summary.

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
VIII. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<ol style="list-style-type: none"> 1. Employee rights and benefits: In addition to complying with laws and regulations, the Company has always treated its employees with honesty and trust, clearly defined both employers' and employees' rights and obligations, improved its management system and organizational functions, and established various management measures to protect employees' rights and benefits. 2. Employee care: Through various welfare measures as well as education and training, the Company cultivates a positive relationship with its employees. For instance, the Company provides subsidy for employee club activities, regular medical checkups, medical consultations, and employee parking lots. 3. Investor relations: The Company implements the spokesperson system to deal with shareholders' suggestions; the Company also announces and registers information in accordance with the regulations of the competent authorities, and timely provides information that may affect investors' decisions. 4. Supplier relationship: The Company establishes long-term close relationship, mutual trust and mutual benefit with suppliers to jointly pursue sustainable growth. 5. Interests of stakeholders: The Company maintains a smooth communication channel with its correspondent banks, employees, customers and suppliers, respects and maintains the legitimate rights and interests, and has a spokesperson to answer investors' questions to provide highly transparent financial business information to investors and stakeholders. 6. Director's Continuing Education: Please refer to page 73~74 for details on Director's Continuing Education. 7. Implementation of risk management policies and risk measurement standards: In accordance with applicable laws and 	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>regulations, the Company has established and effectively implemented a comprehensive internal control system. In addition, to reduce credit risk, the Company conducts appropriate risk assessments on major banks, customers, and suppliers, and the audit office examines the existing or potential risks of each operation in order to develop a risk-oriented annual audit plan.</p> <p>8. Implementation of the customer policy: The Company attaches great importance to consumer rights and sets up "Product Information", "Promotional Campaign", "SAKURA BLOG" and other webpages on the Company's website to provide information about the products of the Company to ensure that consumers have the right to be informed.</p> <p>9. Implementation of purchasing insurance for director: As reported to the Board of Directors on November 7, 2022, the Company purchased liability insurance for directors.</p>	

IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures (unnecessary for companies which are not required).

In accordance with the results of the 9th corporate governance evaluation of the Company in 2022, the improvements and priorities measures in 2023 are as follows:

Item	Evaluation item	Improvement / Priorities measures
1	Does the company establish a policy for board member diversity and disclosed the specific	The specific management objectives and implementation status of board member diversity have been disclosed in the annual report, detailed on page 21.
2	Does the company develop an intellectual property management plan linked to its operational objectives, and does it disclose the implementation status of the plan on the company's website or in the annual report, with at least an annual report to the board of directors?	A plan for intellectual property management is planned to be established in the 2023 fiscal year.

3	Does the company establish a dedicated position or unit to promote ethical business conduct, responsible for formulating and overseeing the implementation of ethical business policies and prevention measures, and does it explain the operation and implementation status of the unit on the company's website and in the annual re-port, with at least an annual report to the board of directors?	In the 2023 fiscal year, the Human Resources Department is planning to provide a report to the board of directors on the promotion of ethical business conduct.
4	Does the company disclose the annual greenhouse gas emissions, water consumption, and total waste weight for the past two years?	The greenhouse gas emissions for the past two years will be disclosed in the sustainability report for the 2022 fiscal year.

(IV) Composition and Operations of Remuneration Committee:

To further strengthen corporate governance and meet international standards, the Company established a Remuneration Committee in 2011 to review the Company's overall compensation policies and plans.

The scope of the Remuneration Committee's deliberations includes performance evaluation and remuneration of directors and managers, which is governed by the Remuneration Committee and the "Regulations Governing the Performance Evaluation of the Board of Directors and Functional Committees". The Remuneration Committee also conducts regular salary reviews to understand market competitiveness and trends, formulate salary policies, motivate employees and develop remuneration plans. The Remuneration Committee consists of three members, two of whom are independent directors, to maintain the independence, professionalism and impartiality of the Remuneration Committee and to avoid the risk of conflict of interest between the members and the Company.

The Remuneration Committee regularly reviews the Company's remuneration policies and plans to ensure that it can attract, motivate and retain the professional talent that the Company requires. The Committee reviews and approves director and executive remuneration on an annual basis, including salary, bonus, employee compensation, and other incentive plans. In order to ensure the appropriateness and competitiveness of the Company's overall remuneration, the Company regularly conducts an analysis of overall remuneration and remuneration market comparisons and reports the results of the analysis to the Remuneration Committee.

In accordance with the Company's "Compensation Committee Organization Regulations", the Remuneration Committee shall meet at least twice a year and the Remuneration Committee meeting was held 5 times in 2022.

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria Name	Professional Qualifications and Experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director	Yu-Cheng Chen (Convener)	<ul style="list-style-type: none"> • Member of the Audit Committee of the Company. • Convener of the Company's Compensation Committee. • Ph.D., the Department of Accounting, National Chengchi University. • Specialized in accounting and financial analysis, business management, and payroll performance management, corporate growth, and related investments, all of which will be extremely beneficial to the company's future operations and financial planning. • Independent Director of Sen Tien Printing Factory Co., Ltd. Independent Director of Grand Bills Finance Corporation. Supervisor of Tachia Yung Ho Machine Industry Co., Ltd. Independent Director of DaFon Environmental Technology CO., LTD. Chairman of Department Accounting, Providence University. Chairman of Department Accounting, National Chung Hsing University. Chairman of Department of Finance, National Chung Hsing University. • Professor, Department of Finance, National Chung Hsing University. Independent Director, Sunspring Metal Corporation. • There are no cases under Article 30 of the Company Act. 	<ul style="list-style-type: none"> • Not a natural-person, spouse, or relatives within the second degree serve as directors, supervisors or employees of the company or other related companies. • Not a natural person, spouse, or a relative second-degree relation (or using the name of another person) hold shares in the Company. • Not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. • The Company has not received any remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years. 	1

Title	Criteria Name	Professional Qualifications and Experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Other	Hui-Ping Lai	<ul style="list-style-type: none"> • Member of the Audit Committee of the Company. • Ph.D., Department of Business Administration, Asia University. • Specialized in Human resources management, compensation management, labor laws and regulations, and labor dispute resolution. Therefore, extremely valuable in the areas of human capital development, employee relationship management, and various compensation and management system planning. • Served as a member of the assessment committee of the National Quality TTQS Program of the Ministry of Labor's Ability Development Summer Institute; an examination committee of The Youth's Employment Ultimate Program of the Workforce Development Agency, Ministry of Labor, an assessment committee of the Ministry of Labor's private employment service agencies engaged in quality assessment of international human resources agency services; a supervisor of Labor Affairs Bureau of Taichung City Government-Organization; a part-time assistant professor of the International Business Department of National Taichung University of Science and Technology, and the executive vice president of the CIVIL GROUP. • Assistant professor, Psychological Counseling Department (part-time), National Taichung University of Education. • There are no cases under Article 30 of the Company Act. 	<ul style="list-style-type: none"> • Not a natural-person, spouse, or relatives within the second degree serve as directors, supervisors or employees of the company or other related companies. • Not a natural-person, spouse, or a relative second-degree relation (or using the name of another person) hold shares in the Company. • Not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. • The Company has not received any remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years. 	1

Title	Criteria Name	Professional Qualifications and Experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director	Ming-Yuan Cheng	<ul style="list-style-type: none"> Member of the Company's Audit Committee. Members of the Company's Remuneration Committee. Ph.D., Department of Business Administration, National Chung Cheng University. Specialized in financial accounting, corporate governance and financial insurance, with a high degree of professionalism and operational practice, as well as providing competent insights and suggestions for the company's financial planning and future development. Chairman of Sunko Ink Co. Ltd.; Vice President of IBT Securities Co., Ltd.; Manager of SBC Global Asset Management (Taiwan) Limited; Lecturer, Department of Finance and Insurance, Shu-Te University of Science and Technology. Representative, LONG TENG Capital. Independent Director, TaiwanJ Pharmaceuticals Co., Ltd. Assistant Professor (part-time), Department of Accounting, Feng Chia University. There are no cases under Article 30 of the Company Act. 	<ul style="list-style-type: none"> Not a natural-person, spouse, or relatives within the second degree serve as directors, supervisors or employees of the company or other related companies. Not a natural-person, spouse, or a relative second-degree relation (or using the name of another person) hold shares in the Company. Not serve as a director, supervisor or employee of a company with which the Company has a specific relationship. The Company has not received any remuneration for business, legal, financial, or accounting services provided by the Company or its affiliates in the last two years. 	1

2. Attendance of Members at Remuneration Committee Meetings

- (1) The Remuneration Committee of the Company is comprised of three members.
- (2) The tenure of the current members of the Remuneration Committee is from 17 June 2022 to 16 June 2025. A total of 5 (A) meetings of the remuneration committee were held in 2022. The attendance record of the remuneration committee members was as follows:

Title	Name	Attendance in Person (B)	By proxy	Attendance Rate in Person (B/A)	Remark
Convener	Yu-Cheng Chen	5	0	100%	Reappointment
Member	Hui-Ping Lai	5	0	100%	Reappointment
Member	Ming-Yuan Cheng	5	0	100%	Reappointment

(Note) Inauguration date of the fifth Remuneration Committee: June 17, 2022

Annotation:

1. If the board refuses or modifies the recommendation made by the committee, specify the date and term of the board meeting and proposal content, board resolution and handling of committee opinion (if the compensation approved by the board is better than the compensation recommended by the committee,

specify the difference and causes): None.

2. When members disagree to or have reservations of a resolution made at the committee meeting with records or written statements, specify the date and term of the committee meeting, proposal content, opinion of all members, and the response thereto: None.

3. The resolutions of the Remuneration Committee for the Company's fiscal year 2022 are as follows:

Date of the Meeting Session	Resolution content	Resolution result
26 January 2022 4-13	1. Review the 2021 year-end bonus proposal of the Company. 2. Annual review of managerial performance and reasonableness of remuneration.	After the Chairman consulted all members present, the motion was passed without objection.
17 March 2022 4-14	1. Review the 2021 variable year-end bonus of the Chairman proposal of the Company. 2. Review the 2021 performance bonus for the General Manager proposal of the Company.	
6 May 2022 4-15	Review the 2021 employee, directors 'remuneration proposal of the Company.	
30 June 2022 5-1	1. The election of the convener and chairman for the fifth Compensation Committee. 2. Compensation proposal for the reappointment of the Chairman of the company. 3. Compensation proposal for the reappointment of the General Manager of the company. 4. Distribution of director remuneration for the fiscal year 2021.	
07 September 2022 5-2	Review the 2021 employees ' remuneration proposal of the Company.	

(V) The State of the Company's Performance of Social Responsibilities, Any Deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPex Listed Companies, and the Reason for Any Such Deviation:

Evaluation item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
I. Has the company established a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the board of directors to be handled by senior management and supervised by the board of directors?		V	<p>The company has established the "Sustainable Development Practices Guidelines," which are overseen, maintained, and improved by the Business Planning Office. The office regularly reports to the Board of Directors. The Finance Department assists in promoting the "Corporate Governance" initiatives, while the Human Resources Department assists in promoting "Employee Care" initiatives. Other relevant departments support the initiatives related to "Sustainable Environment and Social Welfare."</p> <p>On August 10, 2022, the Business Planning Office and the Finance Department presented a report to the Board of Directors regarding sustainable development issues. The report included the following topics: (1) Reporting on the timeline for greenhouse gas inventory based on the "Sustainable Development Roadmap for Listed Companies," and (2) Reporting on the company's governance evaluation in 2021 and the improvement plan for the year 2022.</p>	Compliance with the CSR Code of Practice.
II. Does the Company conduct risk assessment of environmental, social and corporate governance issues concerning the Company's operations by the materiality principle and formulate related risk management policies or strategies?	V		<p>1. In accordance with the relevant regulations of the internal control system, the Company takes preventive measures to reduce losses resulting from risks and regularly identifies, evaluates, handles, and monitors potential risks that may affect the Company's objectives, as well as regularly tracking and incorporating them into the daily operations of each unit.</p>	Compliance with the CSR Code of Practice.

Evaluation item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>2. The Company assesses key issues related to the materiality of sustainable development principles and establishes relevant management policies based on the assessed risks as follows:</p> <p>(1) Environment: The primary sources of the Company's wastes are general and recyclable waste generated in our business activities and waste sludge generated in wastewater treatment. All of the above are entrusted to qualified cleaning and transportation manufacturers. The cleaning and transportation records are retained. In addition, the Company has established standards for the storage of waste materials by category, and the waste sludge is tested once a year by a qualified inspection unit for the extraction of sludge. The Company has not suffered any losses or penalties due to waste pollution in recent years.</p> <p>(2) Society: The Company communicates with employees regularly and conduct timely legal advocacy to avoid labor disputes. Employees can also submit suggestions to the Company via the suggestion box, and the Company and employees collaborate to create positive and harmonious working relationships.</p> <p>(3) Corporate Governance: Corporate governance and directors attend external training courses related to corporate governance to enhance knowledge related to corporate governance.</p>	

Evaluation item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			Each year, each department conducts a self-assessment of internal control to review the previous year's implementation of internal control and compliance with laws and regulations.	
<p>III. Environmental issues</p> <p>(I) Does the company establish proper environmental management systems based on the characteristics of their industries?</p>	V		<p>The Company is committed to environmental sustainability and upholds the corporate motto of "respecting customers and caring proactively". In response to the increasingly severe environmental issues, the Company has established the " Environmental, Safety and Health Policy" and "Environmental Management Review System" in 2017 and set environmental performance management indicators to identify possible negative impacts on the environment during internal operations and improve them. In addition, the Company actively improving the efficiency of resource use, researching, developing and using low environmental impact materials to reduce the impact of operations on the natural environment through product design, process management, supply chain management, customer service and other levels of environmental management systems. The Company also established special management units for various management needs such as environmental management systems, occupational health and safety management systems, hazardous materials management systems, etc., and regular monitoring and review. The Company passed ISO 14001: 2004 “Environmental Management System” certification in 2011, which complies with international regulations. (Date of approval: 08/09/2011; effective date: 27/11/2020 – 16/07/2023)</p>	Compliance with the CSR Code of Practice.

Evaluation item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>The Company is committed to the development of environmentally friendly energy-saving products and solar energy products to enable Company's products to achieve energy-saving and carbon-reducing effects. The "Environmental Management Operation Rules" were established to help the office save energy and reduce carbon. The Company is committed to promoting the development of high energy efficiency products, and in response to the energy policy, it has set the second or higher energy-saving threshold for the development of gas appliances. For instance, let's assume that a regular gas stove (Class 4) is replaced with a Class 2 energy-efficient gas stove. In that case, Taiwan Sakura Corporation sells 100,000 units or more of Class 2 energy-efficient gas stoves each year, which then saves more than 3,550 tons of gas over the gas stove's recommended five-year life. Class 1 and Class 2 energy-efficient products, gas stoves have reached 77%, and water heaters have achieved an even higher rate of 97%.</p> <p>The Company also promotes resource utilization efficiency, recycling, sorting, and reuse of resources, waste reduction to reduce environmental impact, responsible production, and hiring qualified waste cleaners to oversee and manage waste. The Company has also established an “Environmental Manual” as well as “Environmental Safety and Health Objectives and Program Management Regulations.”</p>	Compliance with the CSR Code of Practice.
(III) Does the company assess the potential risks and opportunities now and in the future regarding climate change and take measures to respond to climate issues?	V		The Company formulates development strategies to address the risks and opportunities of climate change based on internal risk assessment process, and takes actions in accordance with the regulations set by customers and the authorities.	Compliance with the CSR Code of Practice.

Evaluation item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No	Abstract Explanation													
			Furthermore, the Company continues to develop energy-efficient products to meet market demand while also deploying technology ahead of time to respond to market changes.													
(IV) Does the company record the amount of greenhouse gas emissions, water usage and the total weight of waste for the last two years and formulate policies pertaining to energy?			<p>Since 2021, our company has been conducting carbon footprint assessments of our business operations in accordance with the ISO 14064-1 standard. The statistical scope includes the electricity, fuel (including gasoline and diesel), and water consumption of our affiliated factories in Taiwan and operating facilities under Taiwan Sakura. The greenhouse gas emissions for the past two years are as follows:</p> <p>Unit: Metric tons of CO₂e per year</p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Scope1(direct emissions)</td> <td>337.8</td> <td>399.6</td> </tr> <tr> <td>Scope2(indirect emissions)</td> <td>2,926.8</td> <td>3,423.9</td> </tr> <tr> <td>Total Greenhouse Gas Emissions</td> <td>3,264.6</td> <td>3,823.5</td> </tr> </tbody> </table> <p>In all operational activities, the Company considers the impact on environmental benefits to reduce the impact on the natural environment. The Company makes an effort to reduce the discharge of pollutants and waste, to use the best technology to prevent and control pollution, and to properly handle them. In terms of water and electricity consumption, the Company regularly encourages saving electricity, turning off the lights at lunchtime and using water-saving faucets. In terms of energy management, the Company uses various energy resources properly and sustainably to improve the efficiency of energy use, plans appropriate management measures, reduces resource and energy consumption, and improves energy recovery and reuse in the aim of saving the earth.</p>		2021	2022	Scope1(direct emissions)	337.8	399.6	Scope2(indirect emissions)	2,926.8	3,423.9	Total Greenhouse Gas Emissions	3,264.6	3,823.5	Compliance with the CSR Code of Practice.
	2021	2022														
Scope1(direct emissions)	337.8	399.6														
Scope2(indirect emissions)	2,926.8	3,423.9														
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Evaluation item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		<p>In our "Sustainable Development Practices Guidelines," the Company explicitly states that it shall comply with relevant labor laws and adhere to international human rights conventions, such as gender equality, labor rights, and non-discrimination. The company commits to respecting internationally recognized labor rights, including freedom of association, collective bargaining rights, caring for vulnerable groups, prohibiting child labor, eliminating all forms of forced labor, and eliminating employment and workplace discrimination. The company ensures that its human resources policies promote equality and non-discrimination in terms of gender, race, socio-economic status, age, marital status, and family status, regarding employment conditions, compensation, benefits, training, performance evaluation, and promotion opportunities. The company provides an effective and appropriate mechanism for reporting and addressing labor rights violations, ensuring equality and transparency throughout the reporting process. The company has established policies such as "Sexual Harassment Prevention and Management Regulations," "Protection Regulations for Employees Subjected to Unlawful Harm in the Execution of Duties," "Whistleblowing and Protection System for Fraudulent Behavior," and "Temporary Employees and Contract Workers Management Regulations" to safeguard human rights. These policies are incorporated into the training programs for new employees, and periodic awareness</p>	Compliance with the CSR Code of Practice.

Evaluation item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			campaigns on human rights-related matters are conducted during company-wide meetings.	
(II) Does the company formulate and implement reasonable employee benefit policies, including remuneration, leave and other benefits, and properly relate operating performance or results to employee remuneration?	V		<p>The Company has established and implemented comprehensive employee welfare measures, such as competitive compensation, employee stock ownership, pension system, employee shopping privileges, a welfare committee to conduct various welfare activities and diversified club activities, and signed special store privileges in order to foster a positive relationship with employees through various welfare measures.</p> <p>Other welfare measures are described as follows:</p> <ol style="list-style-type: none"> 1. Employee compensation: The Company conducts two performance reviews and interview each year, and operation performance is reflected on employee salary appropriately. The Company adjusts the salary level from time to time to provide a competitive salary and adjusts the salary according to the Company's operation, price index, economic growth rate and personal performance. Furthermore, according to the Company's Articles of Incorporation, 2% to 8% of annual profit is set aside as employee compensation, which is paid on the eve of the Mid-Autumn Festival each year, ensuring that employees and employers can share the benefits of business management. 2. Workplace Diversity and Equality: Employees are the Company's most valuable asset, and it strives to provide a diverse and friendly working environment rooted in a people-oriented culture, regardless of personal gender, race, class, 	Compliance with the CSR Code of Practice.

Evaluation item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>age, marriage, language, ideology, religion, party, place of origin, birthplace, appearance, facial features, physical and mental disabilities, etc., The Company is dedicated to providing a working environment that is dignified, safe, equal and free from discrimination and harassment. The ratio of male to female employees is 62% and 38%, and the balance of male to female supervisors is 77% and 23%. The Company is actively working to create a diverse workplace, when the world is experiencing a talent shortage, the Company looks forward to recruiting more exceptional individuals to contribute to the company and society.</p> <p>3. Leave of Absence: In accordance with the Labor Standards Act, the Company provides paid sick leave, maternity leave, paternity leave, parental leave, family care leave, and menstruation leave.</p> <p>4. Allowances, gifts and subsidies: The Company provides wedding, childbirth and housewarming gifts, hospitalization and bereavement, scholarships for children's education, birthday gifts, holiday gift certificates (International Workers' Day/Mid-Autumn Festival) and Mother's Day gifts.</p> <p>5. Plant services and facilities: The Company provides first aid equipment in the factory to respond to various emergencies and sets up a lactation room to provide a healthy working environment and worry-free postpartum work for female employees.</p> <p>6. Health Management Program: The Company conducts regular health checks for employees every</p>	

Evaluation item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>year and promotes various health-promoting activities, such as blood donation drives and seminars to promote self-health awareness. After completing the health check, employees receive follow-up and counseling depending on the degree of deviation from the standard. If employees want to know more about the health check results, they can also contact the health check doctor directly so that they can have a more comprehensive view of their health status and manage it.</p> <p>7. Measures for the well-being of employees: The Company currently has yoga, badminton, billiards and other clubs, and hosts many seminars, family days, hikes, group dinners and outings. In addition, it also provides annual recognition for senior employees and outstanding employees, group insurance, wedding, birth and relocation gifts, hospitalization and bereavement, scholarships for children's education, gift certificates for celebrations (Dragon Boat Festival/Mid-Autumn Festival/birthday) and Mother's Day gifts to create the greatest welfare for its employees.</p>	
(III) Does the company offer a safe and healthy working environment for its employees and conduct safety and health education for employees on a regular basis?	V		Each year, the Company regularly implements employee health check-ups, and regularly entrusts professional organizations to perform environmental inspections at the job site (including organic solvents, dust, noise, etc.), and makes and tracks improvements according to the inspection results to maintain employees' health. In 2018, the Company received ISO 45001:2018 (formerly	Compliance with the CSR Code of Practice.

Evaluation item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			OHSAS 18001) “Safety, Health and Environmental Protection System” certification, and implemented safety, health and environmental protection indicators to eliminate or reduce the environmental safety risks generated from internal operation. Through regular labor safety training, fire safety training and drills, hazard awareness training and other related training (special outreach to forklift operators, organic solvent, dust and noise training, etc.) employees are able to work in a safe and healthy environment. During the year, no significant occupational accidents occurred.	
(IV) Does the company provide its employees with career development and training sessions?	V		The Company has a well-established education and training system and appropriate development training programs, including training by levels, training by functions, key talent development, and overseas assignment training. In 2018, the Company was awarded the Gold Medal of the Talent Development Quality Management System (TTQS) from the Workforce Development Agency of the Ministry of Labor. The details of the employee education and training courses for the year 2022 can be found on page 114~115 of the annual report.	Compliance with the CSR Code of Practice.
(V) Does the company comply with relevant regulations and international standards and formulate policies to protect customer rights and complaint procedures concerning the health and safety of the customers of the products and services, client privacy, marketing and labels?	V		The Company highly values customers’ service satisfaction rate and their perception on corporate image, brand value and quality of service and puts in efforts to provide solutions to well-rounded products and offer various new product developments. The Company establishes dedicated departments responsible for product development and design, product delivery and repair services, in order to	Compliance with the CSR Code of Practice.

Evaluation item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			provide services in the shortest amount of time. The Company has established a free service phone number as a complaint channel for consumers should they have any suggestions on the Company’s products’ features, quality and maintenance services. The Company also has an overall service policy in place to protect consumer rights.	
(VI) Does the company formulate supplier management policies, require the suppliers to comply with relevant rules regarding the environment, occupational safety and health, labor rights or other issues, and report the results of the implementation?	V		In order to establish long-term cooperative relationships with suppliers, the Company has formulated “Supplier Management Standards” and “Procurement Safety and Hygiene Evaluation Management Operation Standards” which focus on quality, cost, delivery time, service (cooperation), environmental protection, occupational health and safety, labor and human rights, etc. In addition, the Company regularly evaluate suppliers to select suitable suppliers as the objects of procurement of various materials.	Compliance with the CSR Code of Practice.
V. Does the company refer to international compilation standards or guidelines to prepare the report on Corporate Social Responsibility and other reports which disclose information other than financial information? Were the disclosed reports assured or verified by a third party?	V	V	The Company's preparation of corporate social responsibility reports is based on the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies” and follows the core options of the Global Reporting Initiative (GRI) guidelines. There is an index table of GRI standards at the end of the report and relevant information is posted on the Company's website, available for interested parties to browse. The Corporate Social Responsibility Report has not yet obtained the assurance or opinion of a third-party verification unit.	Compliance with the CSR Code of Practice. Planning with the third-party verification.

Evaluation item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
VI. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: No significant differences.				
VII. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices:				
(I) Sustainable Development related certification				
1. ISO 9001 Quality Management System Certification (Valid period: 11/08/2021 ~03/08/2024)				
2. ISO 14001 Environmental Management System Certification (Valid period: 27/11/2020 ~16/07/2023)				
3. ISO 45001 Occupational Safety and Health Management System (Valid period: 25/12/2021 ~24/12/2024)				
4. 2018 TTQS Gold award				
(II) Based on respect for employees, the Company emphasized no child labor, no forced overtime work, etc., and require the Company's officers to refrain from any discrimination or harassment of employees.				
(III) The Company's human resources department's general affairs team conducts regular inspections of factory equipment and provides education and training to employees on industrial safety and hygiene.				
(IV) Through charitable donations, the Company supports community development, public and private colleges, and universities, philanthropic organizations, and local government agencies.				
1. The 10th edition of the "Sakura Awards" was held in 2022, awarding scholarships exceeding NT\$300,000. With the exception of the cancellation in 2020 due to the pandemic, the competition has nurtured over 4,000 student entries from 2012 to 2022. The cumulative total prize money awarded has exceeded NT\$3.3 million.				
2. Providing industry-university cooperation opportunities; providing summer internship opportunities for students who win the Sakura Awards every year; cooperating with Overseas Chinese University in a long-term dual-track program, allowing students to pursue both academic and professional careers during their four years in college; providing long-term summer internship programs for senior to be students at the National Taichung University of Education.				
3. During the pandemic, we also supported local needs by donating two positive pressure sampling booths to the Taichung City Health Bureau. This included contributions to private social welfare organizations. In 2022, the total donation amount of funds or supplies reached NT\$2.95 million.				
4. For the past six years, the Company's subsidiary, TOPAX, has sponsored the Super Basketball League (SBL) or the William Jones Cup basketball tournament. With TOPAX’s professionalism, the Company has been a silent and steadfast supporter, constantly improving the quality of the brand’s equipment with heart and professionalism, and serving the needs of Taiwanese residents with solid quality. Just like all the players in the SBL, they are constantly demanding themselves, refining their skills and fighting on the court to meet the expectations of the fans. The Company hopes that through this continuous support, the Taiwanese basketball players can have a better stage to show themselves and to win the honor for our country in the international tournament in the future.				
5. More than 8,000 people have benefited from Sakura Education Scholarship donations, totaling more than NT\$18 million.				
6. In 2022, the Sakura Cultural and Educational Foundation focused its resources on nurturing outstanding medical professionals and encouraging them to engage in further studies and professional development. A total of 100 individuals benefited from these initiatives.				
7. Actively support the development of exceptional talent and collaborate with colleges and universities to visit and exchange students.				
8. Hold a blood donation drive every year.				
(V) Please refer to the Corporate Social Responsibility Report of the Corporate Social Responsibility of the official website.				

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

Evaluation item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Establishment of ethical corporate management policies and programs (I) Does the company establish ethical corporate management policies approved by the board of directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board of directors and management level to implement the policies?	V		"Honesty and integrity" is the most important core value in the corporate culture. The Company maintains a consistent ethical standard in all business activities and has a "Code of Conduct for Integrity" approved by the Board of Directors and the Shareholders' Meeting, which is disclosed on the Company's intranet site and strictly requires each employee to comply with the Integrity Policy.	Compliance with the Code of Conduct for Integrity
(II) Does the company establish risk assessment procedures of unethical conduct, analyze and assess operation activities more likely involving unethical conduct to accordingly establish policies to prevent unethical conduct which include but are not limited to the precautions stated in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?			The Code of Ethics is the central guideline for the Company's values. It requires all company employees, including members of subsidiaries, to assume the important responsibilities of high ethical standards, the company's reputation, and compliance with laws and regulations. In addition to posting the "Code of Conduct for Integrity" and the "Code of Ethics for Employees" on the Company's intranet site for employees to review at any time, the Company promotes the Company's core values to employees through various channels, such as education and training courses and emails. In addition, the Company provides various channels for reporting dishonest behavior and takes strict disciplinary measures and timely legal actions against violators.	Compliance with the Code of Conduct for Integrity
(III) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation,	V		Under the Code of Ethics, the Company has established rules and regulations governing the preparation of financial reports, insider trading, protection of intellectual property rights,	Compliance with the Code of Conduct for Integrity

Evaluation item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
rules of appeal, commit to implementation of the policies, regularly review and revise the aforementioned policies?			protection of confidential information, protection of personal information, retention and destruction of documents. To ensure the accuracy, reliability and timeliness of financial, management and business information, internal audits are conducted in accordance with the annual audit plan approved by the Board of Directors, and audit results and follow-up improvement plans are reported to the Board of Directors and management to achieve effective auditing.	
II. Fulfill operations integrity policy (I) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?			The Company always aims to create the best interests of its shareholders and employees. In terms of compliance with laws and regulations, we comply with the Company Act, Securities and Exchange Act, Business Accounting Act, Political Contribution Act, Anti-Corruption Act, Government Procurement Act, the Act on Recusal of Public Officials due to Conflicts of Interest, regulations related to listing on the stock exchange, or other laws and regulations related to business practices, in order to deepen our corporate culture of integrity and respect. Before the Company engages in a procurement, it would conduct an assessment of the dealer to confirm whether it is a qualified manufacturer and stipulate a penalty in the event of violations in the contract. The Company frequently communicates its ethical standards to customers on a regular basis through various consumer audits and the exchange of related issues.	Compliance with the Code of Conduct for Integrity
(II) Does the company establish an exclusively dedicated unit supervised by the board to be in charge of			In order to fulfill the responsibility of overseeing honest operation, the Company's board of directors has	The company will handle in accordance with

Evaluation item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
corporate integrity and report the ethical corporate management policies, policies to prevent unethical conduct and the implementation of supervision to the board of director at least once a year?			established various organizations and channels, such as an audit committee, compensation committee, internal audit, etc. The financial supervisor and the internal auditor shall report to the board of directors regularly on the respective status of implementation. Under the supervision of the Board of Directors, the Company's manager shall ensure that the financial and accounting information reported to the securities authority or other publicly disclosed financial and accounting information is complete, fair, immediate and accurate.	laws and regulations or as necessary
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?			The Company's “Code of Conduct for Corporate Integrity” and “Code of Ethics for Employees” have established policies to prevent conflicts of interest. If any staff is found to have violated the conflicts of interest policies, it is required to report the matter to the audit department through appropriate channels.	Compliance with the Code of Conduct for Integrity
(IV) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and is the implementation of the policies to prevent unethical conduct audited by internal auditors who plan according to the assessment of risks of unethical conduct or by CPAs?			The Company attaches great emphasis on the correctness and completeness of the financial reporting process and its controls. The Company designs internal control systems for operations with potentially higher risk of dishonest acts, and internal audits are conducted in accordance with the annual audit plan prepared based on the results of the risk assessment, the results and subsequent improvement plans are reported to the Board of Directors and management for implementation of the audit results. In addition, through the annual internal control self-assessment, each department and subsidiary is required to self-assess the effectiveness of the design and implementation of the internal control system.	Compliance with the Code of Conduct for Integrity

Evaluation item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	V		Classroom training is one of the most important aspects of the Company's compliance with the Code. In addition, the Company trains and raises awareness of the latest laws and relevant regulations among its employees through regular monthly meetings of the entire Company and internal publications, thereby reinforcing the firm commitment of its employees to comply with the “Code of Conduct for Corporate Integrity”.	Compliance with the Code of Conduct for Integrity
III. Operation of the integrity channel (I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?			In compliance with the “Code of Ethics for Employees”, the company has established employee reporting channels. If someone is found to have violated the rules of integrity management, it must be reported to the manager, the internal audit supervisor or other supervisors at all levels. After receiving the report, the related personnel shall report it to the audit department.	Compliance with the Code of Conduct for Integrity
(II) Does the company establish standard operating procedures, measures ought to be taken afterwards, relevant confidentiality measures on investigating accusation cases?			In accordance with the “Code of Ethics for Employees,” the Company has established appropriate operating procedures for complaints or reports of ethical integrity violations or fraudulent behavior: For employees who files complaints, the Company provides protection to avoid unfair retaliation or treatment. Contact information is as follows: Email: t0509@sakura.com.tw Contact number: (04)25666106 ext. 827 Human Resources Manager: (04)25666106 ext. 665	Compliance with the Code of Conduct for Integrity
(III) Does the company provide proper whistleblower protection?	V		The Company has dedicated personnel responsible for handling complaints or reporting cases to ensure that the whistleblower is protected during the whistleblowing process and is not penalized as a result of whistleblowing.	Compliance with the Code of Conduct for Integrity

Evaluation item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>IV. Strengthening information disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	V		<p>The Company has published the “Code of Conduct for Corporate Integrity” on the Company's intranet site for employees to review at any time. The Company's website, MOPs and CSR Report also provide detailed information on the content and effectiveness of the Company's ethical practices.</p>	<p>Compliance with the Code of Conduct for Integrity</p>
<p>V. If the company has its own Code of Conduct for Integrity in accordance with the “Code of Conduct for Listed Companies”, please describe how its operation differs from the Code: The Company has a “Code of Conduct for Integrity” and all employees, managers and directors of the Company must comply with this Code and related regulations. There is no material difference between the operation of the Company's “Code of Conduct for Integrity” and the content of the “Code of Conduct for Listed Companies”.</p>				
<p>VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies):</p> <p>(I) The Company shall comply with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the relevant rules for listed companies or other laws and regulations governing business practices as a basis for implementing honest management.</p> <p>(II) The Company's Rules of Procedures of the Board of Directors has a system for recusal by directors. Any person who has an interest in a proposal listed in the meeting of the Board of Directors or in the legal entity they represent must declare the important content of their interest in the current meeting of the Board of Directors and must not participate in the discussion and vote if it is detrimental to the Company's interests, and must withdraw from the discussion and vote and may not exercise their voting right on behalf of other directors.</p> <p>(III) The Company has established the “Procedures for Handling Material Internal Information” which states that Directors, officers and employees shall not disclose material internal information known to others, nor shall they inquire or collect material internal information of the Company not relevant to their personal duties from those who know material internal information of the Company, nor shall they disclose material internal information of the Company not known to them in the course of their duties to others.</p> <p>(IV) The Company shall periodically review and revise the “the Code of Conduct for Integrity” through a dedicated unit at the Business Planning Office and submit it to the Audit Committee for approval before releasing it for implementation at the shareholders' meeting.</p>				

(VII) If the Company has established a code of corporate governance and related regulations, the Company must disclose how they are accessed:

On the Company's website, under the "Information Disclosure" section, there is a section "Knowing Sakura - Corporate Governance Zone - Articles of Incorporation and Regulations" for browsing and to download the relevant regulations, including the "Code of Corporate Governance Practices", "Code of Conduct for Corporate Integrity" and "Code of Ethics for Employees", etc.

The website can be accessed at <https://www.sakura.com.tw/Constitution>.

(VIII) Other important information to enhance the understanding of corporate governance operations:

1. The main means of continuing education of the directors of the Company include

- (1) The director of corporate governance shall arrange for the director to take courses in the areas of politics, business or law.
- (2) At least semi-annually, the Audit Committee shall have CPAs report to the members on regulatory changes and the Company's compliance with regulations.
- (3) Each director may attend external training as needed.

2. The 2022 annual training of the Company's Directors and Supervisors is as follows:

Job title	Name	Date	Organizer	Course Title	Training hours
Chairman	Yung-Chieh Chang	06/05/2022	Taiwan Corporate Governance Association	Sustainable Blueprint and Code of Conduct, Prevention of Insider Trading	3
		10/08/2022	Taiwan Corporate Governance Association	Trends in Corporate Financial Information and Management	3
Director	Yuo-Tu Lin	06/05/2022	Taiwan Corporate Governance Association	Sustainable Blueprint and Code of Conduct, Prevention of Insider Trading	3
		10/08/2022	Taiwan Corporate Governance Association	Trends in Corporate Financial Information and Management	3
Representative Director	Gen-Cheng Wu	06/05/2022	Taiwan Corporate Governance Association	Sustainable Blueprint and Code of Conduct, Prevention of Insider Trading	3
		27/07/2022	Taiwan Stock Exchange	Industry Seminar on Sustainable Development Roadmap	2
		10/08/2022	Taiwan Corporate Governance Association	Trends in Corporate Financial Information and Management	3
Representative Director	Wen-Su Tsai	06/05/2022	Taiwan Corporate Governance Association	Sustainable Blueprint and Code of Conduct, Prevention of Insider Trading	3
		27/07/2022	Taiwan Stock Exchange	Industry Seminar on Sustainable Development Roadmap	2
		10/08/2022	Taiwan Corporate Governance Association	Trends in Corporate Financial Information and Management	3
Representative Director	Hui-Hsun Lee	06/05/2022	Taiwan Corporate Governance Association	Sustainable Blueprint and Code of Conduct, Prevention of Insider Trading	3
		10/08/2022	Taiwan Corporate Governance Association	Trends in Corporate Financial Information and Management	3
Representative Director	Ching-Wen Chang (Note 1)	06/05/2022	Taiwan Corporate Governance Association	Sustainable Blueprint and Code of Conduct, Prevention of Insider Trading	3
		10/08/2022	Taiwan Corporate Governance Association	Trends in Corporate Financial Information and Management	3
		06/10/2022	Taiwan Stock Exchange	Release of Guidelines on Independent Directors and Audit Committee	3
		26/10/2022	Securities and Futures Institute	Seminar on Directors, Supervisors (including Independent) and Governance	3

Job title	Name	Date	Organizer	Course Title	Training hours
Representative Director	Cheng-Yi Lai (Note 2)	06/05/2022	Taiwan Corporate Governance Association	Sustainable Blueprint and Code of Conduct, Prevention of Insider Trading	3
Independent director	Jyh-Ren Chen	06/05/2022	Taiwan Corporate Governance Association	Sustainable Blueprint and Code of Conduct, Prevention of Insider Trading	3
		10/08/2022	Taiwan Corporate Governance Association	Trends in Corporate Financial Information and Management	3
Independent director	Yu-Cheng Chen	09/03/2022	Taiwan institute of directors	Leadership Academy Forum: Restarting in the New Reality - Envisioning Digital Taiwan	3
		06/05/2022	Taiwan Corporate Governance Association	Sustainable Blueprint and Code of Conduct, Prevention of Insider Trading	3
Independent director	Ming-Yuan Cheng	06/05/2022	Taiwan Corporate Governance Association	Sustainable Blueprint and Code of Conduct, Prevention of Insider Trading	3
		10/08/2022	Taiwan Corporate Governance Association	Trends in Corporate Financial Information and Management	3

Note 1: Assumed office after the shareholders' meeting election on June 17, 2022.

Note 2: Resigned after the shareholders' meeting election on June 17, 2022.

3. The following studies were pursued by the Head Of Corporate Governance in 2022:

Job title	Name	Date	Organizer	Course Title	Training hours
Head Of Corporate Governance	Hsiu-Chi Chan	10/08/2022	Chinese Corporate Governance Association	Trends in Corporate Financial Information and Management	3
		30/08/2022	Taiwan Securities and Futures Market Development Foundation	Seminar for Directors, Supervisors (including Independent) and Corporate Governance Executives - Taipei	6
		31/08/2022	Taiwan Securities and Futures Market Development Foundation	Seminar for Directors, Supervisors (including Independent) and Corporate Governance Executives - Taipei	6
Total					15

4. The following studies were pursued by the Accounting Supervisor in 2022:

Job title	Name	Date	Organizer	Course Title	Training hours
Accounting Supervisor	Cheng-Hua Chiang	25/07/2022	Accounting Research and Development Foundation	Analysis of Frequently Asked Questions on the Latest Annual International Financial Reporting Standards	3
				Prevention and Resolution of Withholding Disputes in Cross-border Transactions	3
		26/07/2022		Prevention and Resolution of Withholding Disputes in Cross-border Transactions	3
				Analysis of Practical Cases and Legal Liability for "Breach of Trust"	3
Total					12

5 The following studies were pursued by the Audit Office Supervisor and members in 2022 :

Job title	Name	Date	Organizer	Course Title	Training hours
Audit Office Supervisor	Chiao-Ho Chen	07/10/2022	Securities and Futures Market Development Foundation	How Auditors Can Create Their Own Value	6
		02/11/2022	Foundation of Accounting Research and Development, Taiwan	Practical Approaches to Corporate Fraud Prevention: Legal Liability, Forensics, and Big Data Analysis	6
Audit Office member	Yu-Jyun Chen	20/07/2022	Institute of Internal Auditors,	Utilizing Digital Technology to Explore and Improve Operational Processes and Fraud Detection: Discussions on Audit Practices	6
		26/09/2022	Computer Audit Association	Principles of Decision-Making Authority Limitation and Implementation of Audit Risk Control Mechanisms	6
Audit Office member	Shun-Pei Huang	28/07/2022	Institute of Internal Auditors	Practical Seminar on Information Technology Audit Practices	6
		28/09/2022	Computer Audit Association	Workshop on Audit Database Fraudulent Data Collection Cases and Practical Exercises	6

6. Succession planning for key management

The selection and cultivation of successors is critical to the sustainable management of a company. Succession planning should keep up with the times and ensure depth of management in order to create the human resource requirements for sustainable management. In planning for succession, the Company places special emphasis on succession candidates who possess excellent leadership skills, values and personality traits that meet the Company's expectations, including integrity, innovation and customer satisfaction. Quality employees are continually tested for adaptability and excellence through rotations across business units, regions and functional organizations. The company also has a comprehensive layout in all aspects of talent succession training.

① Personnel development project for managers:

Every year, the Company has the senior managers trained in three key areas: “learning courses”, “strategic planning” and “action projects”, and arranges physical courses in a purposeful, systematic and organized manner to improve the vision and height of senior managers and create an outstanding leadership team. The training mode of the project is divided into “Leadership Development”, “Strategy Innovation”, “Organizational Integration” and “Shaping Cultural Values” modules, etc. Through cross-business and cross-functional action learning groups, revolutionary team emotions and common management language are established, a high-quality organizational culture is formed, and the foundation for sustainable management is deeply cultivated.

② Regular goal-oriented appraisal:

To hold senior managers accountable and effectively deliver operating results, the Company conducts meetings and exchanges opinions with top executives and the operating team for annual target setting, annual planning and organizational talent development strategy, and conducts monthly and quarterly operating performance reviews. For the succession team, the Company regularly conducts in-depth meetings with top leaders to guide leaders to breakthroughs and set goals for excellence, while the top leadership team selects successors with high quality potential.

③ Job Rotation at Develop Talents:

In order to enable the Company's successors to broaden their management horizons, increase their international experience and assume great responsibilities in the future, the company set up strategic positions for the functional units of the headquarters, business units and overseas operation bases, and conducts job rotation for talents to train a wide range of management horizons, gain practical experience in business management in response to the constant changes in the business environment, and enhance the strategic thinking and ability to combat ability of the company's successors. The purpose is to train a full range of business management vision, accumulate practical experience in business management in response to the changing business environment, and improve the strategic thinking and globalization ability of the successors.

7. Other important information to enhance the understanding of corporate governance operations

In order to strengthen corporate governance, the Company has established an Audit Committee consisting of three independent directors. In addition, the Company has completed the “Code of Corporate Governance Practices”, “Code of Business Conduct for Integrity”, “Procedures for the Acquisition and Disposal of Assets”, “Procedures for the Lending of Funds to Others”, “Operating Procedures of Endorsement/Guarantee”, “Risk and Opportunities Management Approach”, “Regulations Governing the Performance Evaluation of the Board of Directors”, “Code of Ethics for Employees” and “Code of Conduct for Prohibition of Insider Trading” in accordance with the enactment or amendment of the relevant laws and regulations of the securities authorities and actual operational needs. The regulations are disclosed on the Company's website for the information of investors.

(IX) Internal Control System

1. Statement of Internal Control System

Taiwan Sakura Corporation
Statement of Internal Control System

Date: 14 March 2023

The Company has conducted a self-assessment of internal controls in 2022. The results are as follows:

- I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system are the responsibilities of the Board of Directors and the managers of the company. The Company has built such system. Its goals are to provide reasonable assurance on the target achievement on the results and effectiveness (including profits, performance and guaranteeing the security of assets, etc.) of the operation, reliability of the financial report, and compliance with relevant laws and regulations.
- II. The internal control system has inherent constraints, and no matter how comprehensive its design may be, an effective internal control system is only capable of providing adequate assurance for achieving the above-mentioned three objectives. Moreover, the effectiveness of the internal control system may be altered as the environment changes and under different situations. Nevertheless, the company's internal control system contains self-monitoring mechanisms, and the company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company assesses for the effectiveness of the internal control system's design and practices through the effectiveness of internal control system, as stated in the "Regulations Governing the Establishment of Internal Control System in Publicly Listed Companies" (hereinafter referred to as "the Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) Control Environment;(2) Risk Assessment; (3) Control Activities;(4) Information and Communication; and (5) Monitoring Activities. Each constituent element includes a number of categories. Please refer to "The Regulations" for the aforementioned categories.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the evaluation, the Company believes that, on 31 December 2022, it has maintained, in all material respects, an effective internal control system (including the supervision and management toward its subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable regulations.
- VI. This statement will become an integral part of the Annual Report and the Prospectus of the Company, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Board of Directors on 14 March 2023, and among the 9 directors that attended the meeting, none objected to, and all agreed with the contents of this statement.

Taiwan Sakura Corporation
Chairman: Yung-Chieh Chang
General Manager: Yuo-Tu Lin

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

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

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

1. The Company's 2022 Annual General Meeting of Shareholders was held on June 17, 2022 at 9:00 a.m. at Daya Factory, No. 436, Section 4, Yatan Road, Daya District, Taichung City. The important resolutions and implementation status are as follows:

Important resolutions of the shareholders' meeting	Implementation
<p>Acknowledgement Items</p> <ol style="list-style-type: none"> 1. Recognition of the 2021 Annual Report on Operations and Financial Statements. 2. Recognition of the 2021 earnings distribution. 	<p>As a result of the vote, the number of affirmative votes exceeded the legal limit, and the motion was passed.</p> <p>As a result of the vote, the number of affirmative votes exceeded the legal limit, and the motion was passed.</p> <p>Implementation status: A cash dividend of NT\$3.6 per share was distributed. The ex-dividend date was set as June 25, 2022, and the payment date was July 15, 2022.</p>
<p>Discussion Items</p> <ol style="list-style-type: none"> 1. Amendment to the "Articles of Incorporation" of the company. 2. Amendment to the "Rules of Shareholders' Meetings" of the company. 3. Amendment to the "Acquisition and Disposal of Assets" policy of the company. 	<p>As a result of the vote, the number of affirmative votes exceeded the legal limit, and the motion was passed.</p> <p>Implementation status: The amendments have been applied and announced on the Company's website.</p> <p>As a result of the vote, the number of affirmative votes exceeded the legal limit, and the motion was passed.</p> <p>Implementation status: The amendments have been applied and announced on the Company's website.</p> <p>As a result of the vote, the number of affirmative votes exceeded the legal limit, and the motion was passed.</p> <p>Implementation status: The amendments have been applied and announced on the Company's website.</p>
<p>Election Proposal</p> <p>Election of the 13th Board of Directors, including independent directors.</p>	<p>The election of the 13th Board of Directors, including independent directors, was approved.</p> <p>Implementation Status: The registration change was approved by the Ministry of Economic Affairs on July 11, 2022.</p>
<p>Resolution</p> <p>To lift the non-compete restrictions on the newly appointed directors and their representatives.</p>	<p>According to the voting results, the number of votes in favor exceeds the required majority. Therefore, the resolution to lift the non-compete restrictions on the newly appointed directors and their representatives has been approved.</p>

2.Resolutions of the Board of Directors

Meeting date	Important resolutions of the Board of Directors
17 March 2022	<ol style="list-style-type: none"> 1. Passed the ratification of the Company's 2021 year-end bonus reviewed by the Remuneration Committee. 2. Passed the Company's 2021 Chairman's variable year-end bonus reviewed by the Remuneration Committee. 3. Passed the Company's 2021 General Manager performance bonus reviewed by the Remuneration Committee. 4. Passed the recognition of the Company's 2021 Statement of Internal Control System. 5. Passed the Company's 2021 business report and financial statements. 6. Passed the Company's 2022 shareholders' meeting and the acceptance of the shareholders' proposal rights. 7. Passed the re-election of the thirteenth term of directors (including independent directors). 8. Passed the nomination period, the number of seats available and the place of acceptance of candidates for election as directors (including independent directors) of the Company. 9. Passed the evaluation of the independence of the Company's CPAs. 10. Passed the application for short-term financing credit line from the North Taichung branch of the Hua Nan Bank by its subsidiary - Sakura Home Collection Co., Ltd., and the Company endorses the renewal of the case.
6 May 2022	<ol style="list-style-type: none"> 1. Passed the Company's 2021 director's remuneration and employee remuneration distribution. 2. Passed the Company's 2021 surplus distribution proposal. 3. Passed the cash distribution of shareholders' bonuses for the Company's 2021 earnings distribution. 4. Passed the Company's financial report for the first quarter of 2022. 5. Passed the Proposal of the list of candidates for directors (including independent directors) nominated by the Board of Directors. 6. Passed the proposal to release the new directors from the restriction of non-competition. 7. Passed the Amendments to certain provisions of the "Company's Articles of Incorporation". 8. Passed the Amendments to the "Rules and Procedures for Shareholders' Meeting". 9. Passed the "Procedures for Acquisition and Disposal of Assets". 10. Passed the Amendment of Company's internal rules and regulations as follows: The "Corporate Governance Best-Practice Principles". The "Sustainable Development Best Practice Principles". The "Procedures for the Prevention of Insider Trading".
17 June 2022	<ol style="list-style-type: none"> 1. Passed the appointment of the Chairman of the 13th Board of Directors of the Company. 2. Passed the appointment of members to the 2nd Audit Committee of the Company. 3. Passed the appointment of members to the 5th Compensation Committee of the Company. 4. Passed the reappointment of the General Manager of the Company.
10 August 2022	<ol style="list-style-type: none"> 1. Passed the financial report for the second quarter of the year 2022. 2. Passed the acquisition of land in Wufu North Section, Wufeng District, by the Company. 3. Passed the allocation of director remuneration for the fiscal year 2021, as reviewed by the Remuneration Committee. 4. Passed the remuneration for the reappointment of the Chairman, as reviewed by the Remuneration Committee.

Meeting date	Important resolutions of the Board of Directors
	<ol style="list-style-type: none"> 5. Passed the remuneration for the reappointment of the General Manager, as reviewed by the Remuneration Committee. 6. Passed the renewal of the short-term financing and export bill discounting limit application with the North Taichung Branch of Hua Nan Bank. 7. Passed the renewal of the financing limit application with China Trust Commercial Bank. 8. Passed the renewal of the short-term credit loan financing limit application with China Trust Commercial Bank, with the Company providing endorsement guarantee on behalf of its subsidiary, Svago International Corporation. 9. Passed the long-term credit loan financing limit application with O-Bank for the Company's subsidiary, Sakura Home Collection Co., Ltd. with the Company providing endorsement guarantee. 10. Passed the changes in the appointment of directors for the Company's invested enterprises, retroactively recognized.
07 November 2022	<ol style="list-style-type: none"> 1. Passed the financial report for the third quarter of the year 2022. 2. Passed the annual internal audit plan for the Company's fiscal year 2023. 3. Passed the ratification of the employee remuneration allocation for the fiscal year 2021, as reviewed by the Remuneration Committee. 4. Passed the establishment of the Sakura Culinary Lifestyle Gallery Taipei flagship store. 5. Passed the renewal of the short-term financing and export bill discounting limit application with the Taichung Branch of Bank of Taiwan. 6. Passed the renewal of the export bill discounting limit and comprehensive short-term financing limit application with the West Taichung Branch of Land Bank of Taiwan. 7. Passed the renewal of the pre-sale (purchase) foreign currency quota application with Land Bank of Taiwan. 8. Passed the renewal of the short-term credit loan financing limit application with the West Taichung Branch of Land Bank of Taiwan, with the Company providing endorsement guarantee on behalf of its subsidiary, Svago International Corporation. 9. Passed the cash capital increase for the Company's subsidiary, Sakura Home Collection Co., Ltd. 10. Passed the new construction project for the factory building in the Wufeng Plant of the Company. 11. Passed the changes in the position of the Accounting supervisor. 12. Passed the appointment of directors and supervisors for the Company's subsidiary, Sakura Home Collection Co., Ltd. 13. Passed the amendments to the Company's internal regulations as follows: "Operating Procedures for Handling Material Non-public Information" and "Management Procedures for Related Party Transactions".
04 January 2023	<ol style="list-style-type: none"> 1. Passed the Company's operating plan, budget, and major subsidiaries' budgets for the fiscal year 2023. 2. Passed the authorization for the Chairman to handle forward foreign exchange transactions within the authorized limit to mitigate exchange rate risks. 3. Passed amendments to the Company's internal regulations as follows: "Code of Ethics and Integrity", "Authority Approval Management Guidelines", "Quality and Environmental Management Manual", "Service Policy White Paper", and "Rules of Board Meetings".

Meeting date	Important resolutions of the Board of Directors
14 March 2023	<ol style="list-style-type: none"> 1. Passed the Company's 2022 fiscal year Statement of Internal Control System. 2. Passed the Company's 2022 fiscal year business report and financial statements. 3. Passed the ratification of the Remuneration Committee's review of the Company's 2022 fiscal year year-end bonus. 4. Passed the Remuneration Committee's review of the variation in year-end bonus for the Chairman in the Company's 2022 fiscal year. 5. Passed the Remuneration Committee's review of the performance bonus for the General Manager in the Company's 2022 fiscal year. 6. Passed the convening of the Company's 2023 shareholders' meeting and matters related to the exercise of shareholders' proposal rights. 7. Passed the proposal to establish procedures and general policies regarding prior consent for non-assurance services with Ernst & Young and its affiliated accounting firms. 8. Passed the assessment of independence and qualification of the Company's 2023 fiscal year CPA, as well as the appointment compensation. 9. Passed the renewal of the short-term credit loan financing limit application with the North Taichung Branch of Hua Nan Bank on behalf of the Company's subsidiary, Sakura Home Collection Co., Ltd., with the Company providing endorsement guarantee.
10 May 2023	<ol style="list-style-type: none"> 1. Passed the Remuneration Committee's review of the employee compensation and director remuneration allocation for the Company's fiscal year 2022. 2. Passed the distribution of earnings for the Company's fiscal year 2022. 3. Passed the distribution of shareholder dividends for the Company's fiscal year 2022 to be paid in cash. 4. Passed the financial report for the first quarter of the Company's fiscal year 2023. 5. Passed the appointment of the Vice Chairman of the Company. 6. Passed the change in the position of the General Manager of the Company. 7. Passed the establishment of the Sakura Culinary Lifestyle Gallery New Taipei flagship store.

(XII) Major issues of record or written statements made by any director or supervisor dissenting to important resolutions passed by the board of directors: None.

(XIII) Resignation or dismissal of the company's key individuals, including the chairman, president, and heads of accounting, finance, internal audit and R&D:

Position	Name	Date of registration	Date of dismissals	Reasons for resignation or dismissal
Accounting Manager	Cheng-Hua Chiang	01/04/2021	01/12/2022	Job Adjustment
General Manager	Yuo-Tu Lin	13/06/2013	01/07/2023	Job Adjustment

V. Information on CPA Professional Fees

(I) CPA professional fee range:

Unit: NT\$ thousand

Accounting Firm	Name of CPA	Period covered by CPA's Audit	Audit Fees	Non-audit fees	Total	Remark
Ernst & Young	Yu-Ting Huang	01/01/2022 ~ 31/12/2022	4,308	955	5,263	The non-audit fees mainly consist of expenses related to tax consulting, transfer pricing reports, review of English financial statements, review of English shareholders' meeting annual reports, and completion audit services for overseas fund investments.
	Tzu-Ping Huang					

(II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

VI. Information on Replacement of CPA: None.

VII. The Company's Chairman, General Manager, and Managers in Charge of Its Finance or Accounting Operations Held Positions in the Company's Independent Auditing Firm or Its Affiliates in the Most Recent Year: None.

VIII.Changes in Shareholding of Directors (Including Independent Directors), Managers and Major Shareholders:

(I) Changes in Shareholding by Directors, Supervisors, Management and Major Shareholders with a Stake of More than 10 Percent

Title	Name	2022		2023 up to 23 April	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	UNJ Holding Corp Representative: Yung-Chieh Chang	0	0	0	0
Director	UNJ Holding Corp Representative: Gen-Cheng, Wu				
Director and General Manager	Yuo-Tu Lin	0	0	0	0
Director	Svago International Corporation Representative: Hui-Hsun Lee	0	0	0	0
Director	Svago International Corporation Representative: Wen-Su Tsai	0	0	0	0
Director	Ko Li Te Investment, Ltd. Representative: Ching-Wen Chang	0	0	0	0
Independent Director	Jyh-Ren Chen	0	0	0	0
Independent Director	Yu-Cheng Chen	0	0	0	0
Independent Director	Ming-Yuan Cheng	0	0	0	0
Executive Vice President	Hui-Hsun Lee	7,000	0	0	0
Vice President	Wen-Su Tsai	0	0	0	0
Vice President	Yih-Yuan Hsu	0	0	0	0
Vice President	Tsung-Nan Hsieh	0	0	0	0
Vice President	Hung-Chi Lai	0	0	0	0
Vice President of Overseas Business Division	Yong-Zheng Chang (Effective as of January 10, 2023)	0	0	0	0
Assistant Vice President	Wei-Hung Chen	0	0	0	0
Director Marketing Plan Division	Shu-Chen Teng	0	0	0	0
Assistant Vice President of Research & Development Center	Wen-I Chen	0	0	0	0
Senior Manager of Service Management Division	Jin-hui Zhong (Effective as of October 1, 2022)	0	0	0	0
Assistant Vice President of Digital Application Department	Yueh-Tiann Tsai	0	0	0	0

Title	Name	2022		2023 up to 23 April	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Finance Department Manager, and Head of Corporate Governance	Hsiu-Chi Chan	0	0	0	0
Manager, Human Resources Department	Wan-Ju Liao	0	0	0	0
Assistant Vice President, Overseas Business Division	Po-Hua Wang	(679)	0	0	0
Senior Manager Audit Office	Chiao-Ho Chen	0	0	0	0
Director	You Tai Investment Co., Ltd. Representative: Gen-Cheng Wu (Terminated on June 17, 2022)	0	0	0	0
Director	Ko Li Te Investment, Ltd. Representative: Cheng-Yi Lai (Terminated on June 17, 2022)	0	0	0	0
Senior Manager, Service Management Division	Shan-Tai Yeh (Terminated on October 1, 2022)	0	0	0	0
Assistant Vice President, Overseas Business Division	Po-Hua Wang (Terminated on January 10, 2023)	0	0	0	0
Accounting Supervisor	Cheng-Hua Chiang (Terminated on December 1, 2022)	0	0	0	0

(II) Share transfer information (transaction counterparties are related parties of the Company):
None.

(III) Share pledge information (transaction counterparties are related parties of the Company): None.

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

23 April 2023

Name (Note 1)	Current Shareholding		Spouse's/ children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Fubon Life Insurance Co., Ltd.	16,613,000	7.51%	-	-	-	-	None	None	Representative: Ming-Hsing Tsai No shareholding
Jin Rong Investment Co., Ltd.	14,200,501	6.42%	-	-	-	-	None	None	Representative: Chang-Hsien Wu
Yuan Chi Investment, Ltd.	13,311,536	6.02%	-	-	-	-	None	None	Representative: Hsin-Tao, Liao
Ko Li Te Investment, Ltd.	13,268,176	6.00%	-	-	-	-	None	None	Representative: Yung-Cheng Chang
Chin Yeh Investment Co., Ltd.	12,194,000	5.51%	-	-	-	-	None	None	Representative: Sheng-Huei Lin No shareholding
Taiwan Sakura Corporation Employee Stock Ownership Trust Property Account of CTBC Bank	9,888,035	4.47%	-	-	-	-	None	None	Employee Stock Ownership Trust Property Account
Far Eastern International Bank Fiduciary Investment Account of Hong Way Property Co., Ltd.	9,465,912	4.28%	-	-	-	-	None	None	Investment Account
The business department of Standard Chartered International Commercial Bank Fiduciary Investment Account of Swedbank's Robur global fund investment	7,000,000	3.17%	-	-	-	-	None	None	Investment Account
Chia Chun Investment Co., Ltd.	5,305,000	2.40%	-	-	-	-	None	None	Representative: Chia-Hung Lin
UNJ Holding Corp.	4,701,000	2.13%	-	-	-	-			Representative: Yung-Chieh Chang
Chang Hsien Wu	2,373,928	1.07%	-	-	-	-	Jin Rong Investment Co., Ltd.	Representative	-
Hsin-Tao Liao	293	0.00%	-	-	-	-	Yuan Chi Investment, Ltd.	Representative	-
Yung-Cheng Chang	67,853	0.03%	7,000	0.00%	-	-	Ko Li Te Investment, Ltd.	Representative	-
Chia-Hung Lin	98,000	0.04%	-	-	-	-	Chia Chun Investment Co., Ltd.	Representative	-
Yung-Chieh Chang	416,493	0.19%	355	0.00%	4,701,000	2.13%	UNJ Holding Corp.	Representative	-

X. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company:

Unit: Shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors or Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Sakura Enterprise (B.V. I.) Ltd.	17,153,171	100.00%	0	0%	17,153,171	100.00%
Svago International Corporation	11,959,750	100.00%	0	0%	11,959,750	100.00%
Puda Industrial Co., Ltd.	12,800,419	43.19%	0	0%	12,800,419	43.19%
SAKURA Home Collection Co., Ltd.	25,000,000	100.00%	0	0%	25,000,000	100.00%
Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	4,000,000	100.00%	0	0%	4,000,000	100.00%

Chaper 4 Capital Overview

I. Capital and Shares

(I) Source of Capital:

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark			
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$)	Note	Capital Increased by Assets Other than Cash	Other
10/1988	10	42,000,000	420,000,000	42,000,000	420,000,000	Paid-in Capital of 420,000,000 for establishment			
05/1991	10	57,000,000	570,000,000	57,000,000	570,000,000	Capital Increase by Cash of 87,000,000 Capital Increase by Retained Earnings of 63,000,000	Approved on 03/11/1990 Zheng Guan Hui Tai Cai Zheng (1) No. 03001	None	
05/1992	10	62,000,000	620,000,000	62,000,000	620,000,000	Capital Increase by Retained Earnings of 50,000,000	Approved on 24/04/1992 Zheng Guan Hui Tai Cai Zheng (1) No. 00789	None	
10/1992	10	68,200,000	682,000,000	68,200,000	682,000,000	Capital Increase by Retained Earnings of 62,000,000	Approved on 21/07/1992 Zheng Guan Hui Tai Cai Zheng (1) No. 01713	None	
08/1993	10	136,000,000	1,360,000,000	95,160,000	951,600,000	Capital Increase by Cash of 200,000,000 Capital Increase by Retained Earnings of 69,600,000	Approved on 31/05/1993 Zheng Guan Hui Tai Cai Zheng (1) No. 01233	None	
01/1995	10	160,000,000	1,600,000,000	142,439,800	1,424,398,000	Capital Increase by Cash of 250,000,000 Capital Increase by Retained Earnings of 127,638,000 Capital Increase by Additional Paid-in Capital of 95,160,000	Approved on 17/09/1994 Zheng Guan Hui Tai Cai Zheng (1) No. 38240	None	
12/1995	10	170,000,000	1,700,000,000	164,022,770	1,640,227,700	Capital Increase by Retained Earnings of 73,389,900 Capital Increase by Additional Paid-in Capital of 142,439,800	Approved on 29/09/1995 Zheng Guan Hui Tai Cai Zheng (1) No. 38240	None	

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark			
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$)	Note	Capital Increased by Assets Other than Cash	Other
07/1996	10	210,000,000	2,100,000,000	190,691,513	1,906,915,130	Capital Increase by Retained Earnings of 102,664,660 Capital Increase by Additional Paid-in Capital of 164,022,770	Approved on 30/05/1996 Zheng Guan Hui Tai Cai Zheng (1) No. 34434	None	
09/1997	10	440,000,000	4,400,000,000	269,392,457	2,693,924,570	Capital Increase by Cash of 500,000,000 Capital Increase by Retained Earnings of 96,317,930 Capital Increase by Additional Paid-in Capital of 190,691,510	Approved on 03/06/1997 Zheng Guan Hui Tai Cai Zheng (1) No. 40796	None	
09/1998	10	440,000,000	4,400,000,000	343,617,480	3,436,174,803	Capital Increase by Retained Earnings of 472,857,783 Capital Increase by Additional Paid-in Capital of 269,392,450	Approved on 05/08/1998 Zheng Guan Hui Tai Cai Zheng (1) No. 68009	None	
01/2000	10	440,000,000	4,400,000,000	377,979,228	3,779,792,280	Capital Increase by Additional Paid-in Capital of 343,617,480	Approved on 05/01/2000 Zheng Guan Hui Tai Cai Zheng (1) No. 111072	None	
11/2001	10	440,000,000	4,400,000,000	188,989,614	1,889,896,140	Capital Reduction to Cover Losses of 1,889,896,140	Approved on 27/07/2001 Zheng Guan Hui Tai Cai Zheng (1) No. 140911	None	
08/2002	10	440,000,000	4,400,000,000	207,888,575	2,078,885,750	Capital Increase by Additional Paid-in Capital of 188,989,610	Approved on 14/06/2002 Zheng Guan Hui Tai Cai Zheng(1)No.0910132348	None	
08/2003	10	440,000,000	4,400,000,000	228,677,432	2,286,774,320	Capital Increase by Additional Paid-in Capital of 207,888,570	Approved on 13/06/2003 Zheng Guan Hui Tai Cai Zheng(1)No.0920126218	None	

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark			
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$)	Note	Capital Increased by Assets Other than Cash	Other
05/2005	10	440,000,000	4,400,000,000	233,530,613	2,335,306,130	Capital Increase by Retained Earnings of 48,531,810	Approved on 18/05/2005 Jin Guan Zheng (1) No. 0940119717	None	
06/2006	10	440,000,000	4,400,000,000	238,201,225	2,382,012,250	Capital Increase by Additional Paid-in Capital of 46,706,120	Approved on 11/07/2006 Jin Guan Zheng (1) No. 0950129666	None	
09/2007	10	440,000,000	4,400,000,000	239,885,225	2,398,852,250	Capital Increase by Employee Stock Options of 1,684,000	Approved on 22/11/2007 Jin Shou Shang Zi No. 09601285180	None	
12/2007	10	440,000,000	4,400,000,000	240,083,225	2,400,832,250	Capital Increase by Employee Stock Options of 198,000	Approved on 13/02/2008 Jin Shou Shang Zi No. 09701034740	None	
03/2008	10	440,000,000	4,400,000,000	240,413,225	2,404,132,250	Capital Increase by Employee Stock Options of 330,000	Approved on 20/05/2008 Jin Shou Shang Zi No. 09701116960	None	
07/2008	10	440,000,000	4,400,000,000	242,937,057	2,429,370,570	Capital Increase by Retained Earnings of 2,400,832 Capital Increase by Employee Stock Options of 123,000	Approved on 11/08/2008 Jin Shou Shang Zi No. 09701199050	None	
10/2008	10	440,000,000	4,400,000,000	258,745,057	2,587,450,570	Capital Increase by Cash of 15,300,000 Capital Increase by Employee Stock Options of 508,000	Approved on 21/10/2008 Jin Shou Shang Zi No. 09701268710	None	The private placement was listed on 02/07/2018
05/2009	10	440,000,000	4,400,000,000	258,921,057	2,589,210,570	Capital Increase by Employee Stock Options of 176,000	Approved on 11/05/2009 Jin Shou Shang Zi No. 09801092670	None	

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark			
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$)	Note	Capital Increased by Assets Other than Cash	Other
08/2009	10	440,000,000	4,400,000,000	260,489,057	2,604,890,570	Capital Increase by Employee Stock Options of 1,568,000	Approved on 21/08/2009 Jin Shou Shang Zi No. 09801190880	None	
09/2009	10	440,000,000	4,400,000,000	265,668,478	2,656,684,780	Capital Increase by Retained Earnings of 5,179,421	Approved on 22/09/2009 Jin Shou Shang Zi No. 09801217790	None	
08/2010	10	440,000,000	4,400,000,000	270,981,848	2,709,818,480	Capital Increase by Retained Earnings of 5,313,370	Approved on 23/08/2010 Jin Shou Shang Zi No. 09901190510	None	
09/2011	10	440,000,000	4,400,000,000	276,401,485	2,764,014,850	Capital Increase by Retained Earnings of 5,419,637	Approved on 01/08/2011 Jin Guan Zheng Fa Zi No. 1000035657	None	
07/2016	10	440,000,000	4,400,000,000	221,121,188	2,211,211,880	Capital Decrease by Cash of 55,280,297	Approved on 26/07/2016 Jin Guan Zheng Fa Zi No. 1050027345	None	

Share Type	Authorized Capital				Unissued Shares	Total Shares	Remark
	Issued Shares			Total			
	Listed	Unlisted	Total				
Common shares	221,121,188	-	221,121,188	218,878,812	440,000,000	-	

(II) Shareholding Structures

23 April 2023

Shareholder structure Quantity	Government Agencies	Financial Institutions	Other Natural Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	2	9	300	30,312	110	30,733
Number of shares held	17	27,912,035	92,953,032	60,426,118	39,829,986	221,121,188
Shareholding Percentage	0.00%	12.62%	42.04%	27.33%	18.01%	100.00%

(III) Shareholding Distribution Status

23 April 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	19,707	2,563,848	1.16%
1,000 ~ 5,000	9,152	17,563,626	7.94%
5,001 ~ 10,000	1,036	7,889,964	3.57%
10,001 ~ 15,000	309	3,875,716	1.75%
15,001 ~ 20,000	153	2,737,696	1.24%
20,001 ~ 30,000	114	2,839,852	1.28%
30,001 ~ 40,000	56	1,992,837	0.90%
40,001 ~ 50,000	38	1,716,972	0.78%
50,001 ~ 100,000	69	5,024,373	2.27%
100,001 ~ 200,000	32	4,356,995	1.97%
200,001 ~ 400,000	23	6,046,719	2.73%
400,001 ~ 600,000	6	2,651,104	1.20%
600,001 ~ 800,000	5	3,535,198	1.60%
800,001 ~ 1,000,000	1	988,000	0.45%
Over 1,000,001	32	157,338,288	71.16%
Total	30,733	221,121,188	100.00%

(IV) List of Major Shareholders

23 April 2023

Shareholder's Name	Shareholding	Shares	Percentage
Fubon Life Insurance Co., Ltd.		16,613,000	7.51%
Jin Rong Investment Co., Ltd.		14,200,501	6.42%
Yuan Chi Investment, Ltd.		13,311,536	6.02%
Ko Li Te Investment, Ltd..		13,268,176	6.00%
Chin Yeh Investment Co., Ltd.		12,194,000	5.51%
CTBC Bank as Custodian of Taiwan Sakura Corporation Employee Stock Ownership Trust Property Account		9,888,035	4.47%
Far Eastern International Bank Fiduciary Investment Account of Hong Way Property Co., Ltd.		9,465,912	4.28%
The business department of Standard Chartered International Commercial Bank Fiduciary Investment Account of Swedbank's Robur global fund investment		7,000,000	3.17%
Chia Chun Investment Co., Ltd.		5,305,000	2.40%
UNJ Holding Corp.		4,701,000	2.13%

(V) Market Price, Net Worth, Earnings, and Dividends per Share of the past two years

Item		Year	2021	2022	As of
					03/31/2023
Market Price per Share	Highest Market Price		75.0	69.1	65.0
	Lowest Market Price		49.7	57.2	61.7
	Average Market Price(Note 1)		64.79	63.43	63.81
Net Worth per Share	Before Distribution		24.33	25.63	26.68
	After Distribution		20.73	21.93	-
Earnings per Share	Weighted Average Shares		218,808,256	218,808,256	218,808,256
	Earnings per Share		4.62	4.66	1.00
Dividends per Share	Cash Dividends		3.60	3.70	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio (Note 2)		13.90	13.66	-
	Price / Dividend Ratio (Note 3)		17.83	17.20	-
	Cash Dividend Yield Rate (Note 4)		5.61%	5.81%	-

Note 1: Average market price per share = Annual trading value / Annual trading volume.

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share.

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share.

Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price.

(VI) Dividend Policy and Implementation Status:

1. Dividend policy as set out in the Articles of Incorporation:

According to the annual financial statements of the Company, if there is a surplus, it should first be used to pay taxes and offset accumulated losses. Then, 10% of the statutory surplus reserve should be set aside (except when the statutory surplus reserve has reached the total capital), and any required allocations or reversals of special surplus reserves should be made in accordance with legal regulations. The remaining balance, along with the accumulated undistributed profits from the previous year, can be distributed as distributable profits. When distributing dividends through issuing new shares, it should be approved by the shareholders' meeting.

For the distribution of dividends and profits that can be distributed from the statutory surplus reserve and capital surplus reserve in cash, it should be approved by the Board of Directors with a resolution passed by a majority of directors present at a meeting with more than two-thirds attendance. The distribution should be reported to the shareholders' meeting.

As the Company has a diverse range of products and it is difficult to distinguish their growth stages, there are significant investments and financial improvement plans in the coming years. However, if the Company obtains sufficient external funding to support significant capital expenditures for the year, a minimum of 10% of distributable profits will be allocated for distributing dividends to shareholders, and at least 30% of the distributed dividends will be allocated for cash dividends.

2. The proposed dividend distribution of the shareholders meeting:

On 10 May 2023, the Board of Directors proposed distributing NT\$818,148,396 from the distributable surplus in 2022, paying a cash dividend of NT\$3.7 per share to shareholders. The cash dividend distribution date was set on 1 July 2023, and the cash dividend payment date is 21 July 2023. The cash dividends will be distributed in proportion to the percentage of shares held by each shareholder on the dividend declaration date. Cash dividends will be distributed in rounded amounts to the nearest NT dollar. The remaining cents from the cash dividends distribution will be included as the Company's other income. The Chairman also has the right to adjust cash dividends per share if the amount of outstanding shares changes due to the Company buying back or selling off treasury stocks.

3. Significant changes in expected dividend policy: None.

- (VII) The effect of the proposed gratis allotment of shares at the shareholders' meeting on the Company's operating results and earnings per share:

The proposed distribution of earnings to be approved by the shareholders' meeting is only a cash dividend, not a gratis allotment of shares. Therefore, it is not applicable.

- (VIII) Employee remuneration and director remuneration:

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the Company's Articles of Incorporation:

If the Company is profitable in the year (before the pre-tax profit deducting the employee's remuneration and the pre-paid benefits of the directors and supervisors), it should first set aside 2% to 8% for the employee's remuneration and not higher than 5% of the director's remuneration. However, when the Company still has accumulated losses, the amount of remuneration should be retained in advance. The above-mentioned employee remuneration targets must include employees of controlled or affiliated companies that meet certain conditions approved by the Board of Directors. The employees' remuneration is based on stocks or cash, while the directors' remuneration can only be paid in cash. The distribution of employee remuneration and remuneration of directors and supervisors should be subject to special resolutions of the board of directors and report to the shareholders' meeting.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

- (1) The Company's calculation of the employee's remuneration and the remuneration of the directors and supervisors in 2022 shall be based on the pre-tax benefits after deducting the employee's remuneration and the benefits of the supervisors' remuneration, setting aside 3% of the employees' remuneration (NT\$39,591,616) and 1.9% of the directors' remuneration (NT\$25,074,690). After the Board of Directors determines the amounts, if there is a difference between the actual distribution amount and the estimates, it will be treated according to the accounting estimates and the difference will be booked as profit and loss of the next year.

- (2) The Company did not issue employee remuneration by stock in 2022.

3. Information on any approval by the board of directors of distribution of compensation:
- (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors:

Unit: NT\$

Item	Approved by the board of directors (A)	2022 Accrued Amount (B)	Difference (A-B)	Reasons of Difference
Employee Remuneration (Cash)	39,591,616	39,591,616	-	None
Director Remuneration (Cash)	25,074,690	25,074,690	-	

- (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

4. The actual distribution of employees, directors and supervisors' compensation for the previous fiscal year:

Unit: NT\$

Item	Approved by the board of directors (A)	2021 Accrued Amount (B)	Difference (A-B)	Reasons of Difference
Employee Remuneration (Cash)	38,670,832	38,670,832	-	None
Director/ Supervisor Remuneration (Cash)	24,491,527	24,491,527	-	

(IX) Buyback of Common Stock: None.

II. Bonds: None.

III. Preferred Stock: None.

IV. Global Depository Receipts: None.

V. Employee Stock Options: None.

VI. Issuance of New Restricted Employee Stocks: None.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VIII. Financing Plans and Implementation: Not applicable.

Chapter 5 Operational Highlights

I. Business Activities

(I) Scope of business

1. Main business operation:

The Company is mainly engaged in the manufacturing and trading of water heaters, kitchen appliances and kitchen cabinets.

2. Current major products and their operational share:

Major Product	Water Heater	Kitchen Appliances	Kitchen Cabinets	Others	Total
Revenue ratio	34.8%	29.2%	25.4%	10.6%	100%

3. The products currently sold by the Company and the services provided:

Water heaters, kitchen appliances, sales of the kitchen cabinets, oil filter delivery, product safety inspection, maintenance and other services.

4. New products and services to be developed:

The Company recognized that the standard of living of our residents has rapidly improved, hence the research and development (R&D) of new products is devoted to customer needs and satisfaction; such R&D includes various water heaters, kitchen appliances, water filter, etc.

The intelligent turbo inverter range hood that fit the unit cabinet advanced into a European style design with fully hidden and streamlined series. By combining the brand-new energy-saving technology with electrical control and extended functions, range hoods have become the guardian of kitchen air quality and elevated the overall range hood market in Taiwan.

The intelligent double-fire gas stove has established a high-efficiency combustion system and integrated with the air intake system and high efficiency of central frame design, to achieve the double circle burning system with the highest level of burning efficiency for Chinese cuisine. Along with the intelligent electrical control, the innovative development of the special soup-cooking function with timer and thermostat automatic control of heat adjusting function allows the Chinese style gas stove to easily make Chinese and Western cuisine.

The turbocharged water heater is compatible with the low water pressure environment of Taiwan's buildings and provides consumers with a comfortable bathing experience. Circulating water heaters take into account the water shortage situation in Taiwan and reduce water waste. The recently developed new generation burning technology effectively minimizes the size of water heater, making it easier for installation and saving installation space. Fixed temperature multiple capacity storage tank electric water heater fits the urban installation environment.

The four-season hot water heater is the main promotion of smart products this year. It is expected that the water heater can automatically adjust the water temperature for consumers according to the detection of the ambient temperature when the season changes, so that the bathing body feels better. Coupled with the intelligent communication technology, this product is considered as a new generation of intelligent service equipment that allows the water heater to communicate with people, so that service personnel can wirelessly read the exact performance data of the water heater to maintain the best operating efficiency and the product. The product is always as good as new.

Circulating pre-heating water heaters address the issue of water scarcity faced by Taiwan in terms of people's livelihoods and technological development. The development of the circulating pre-heating function in water heaters helps conserve water resources that would otherwise be wasted while waiting for hot water. By setting the pre-heating time in advance using a remote controller, both user convenience and water-saving are taken into consideration.

Water purifier products are part of the whole series of products that can be installed with cabinets, to save space in the kitchen and take into account all the space for storage. In recent years, the water quality of drinking water in Taiwan has become a public concern, Sakura has developed a series of RO, SQC and heat purification products that can be selected for use according to the difference of water quality in different regions. Consumers often lack professional knowledge when selecting suitable water purifier products. In view of this, we have dedicated efforts to research the water quality in different regions of Taiwan and developed filtering water purifier products that are most suitable for each specific area.

Additionally, the demand for sophisticated kitchens and related electrical appliances has been increasing due to constant changes in social trends and lifestyles. Therefore, we are actively expanding the development of European style kitchen cabinets and establishing various built-in kitchen appliances for the domestic market in response to the trend, as well as understanding marketing channels.

New products currently planned to be developed are as follows:

- (1) Turbine inverter super suction range hood
- (2) Air quality control range hood
- (3) Auxiliary cooking function range hood
- (4) Side suction of lower air intake range hood
- (5) Smart gas cooker
- (6) Easily use with flame indicator gas stove
- (7) Auto safety timer and anti-burn out gas cooker
- (8) Smart healthy shower system internally mounted pump water heater
- (9) Smart control function electric water heater

(II) Industry overview

1. Current status and development of the industry

(1) Water heaters and kitchen appliances:

Taiwan Sakura has invested in digital forced exhaust products for more than 20 years and is the only manufacturer with sufficient R&D and production capacity in Taiwan. The government's implementation of subsidies for the level 1 and level 2 gas appliances since 2013 has contributed to the sales of energy-saving products. The water heaters and kitchen appliances industry have become more stable in the recent years, and the overall market is getting saturated, which is in turn a mature market. We can only achieve customer satisfaction by continuously investing in R&D and creating innovative and energy-efficient products with high added value. In addition, we continue to introduce innovative kitchen and bathroom products such as built-in appliances and water purification products to meet the diverse needs of customers.

(2) Kitchen Cabinets:

Taiwanese consumers have shown an increasing preference for European-style kitchen appliances. However, the overall domestic household kitchen appliance market is mostly characterized by dispersed retail outlets or custom-designed combinations by designers. In contrast, Sakura is the largest chain brand in the domestic kitchen appliance industry, providing a one-stop solution for kitchen needs, including planning, design, overall supply, and after-sales service. Unlike typical manufacturers in the industry, Sakura has the exclusive advantage of designing and producing cabinets and equipping them with imported kitchen appliances. Through comprehensive integration, Sakura reduces the threat posed by supplier bargaining and achieves competitive pricing and quality. It is the only brand in Taiwan that offers a comprehensive kitchen solution.

While many kitchen appliance manufacturers still adhere to more traditional production methods, Sakura insists on "Made in Taiwan" and has supplied hundreds of thousands of kitchen sets to Taiwanese households. With an investment of 200 million NT dollars, Sakura has introduced AI automation production equipment and QR code management, enabling more efficient production coordination. Professional testing instruments are used to ensure product quality. In 2023, Sakura will further invest 2 billion NT dollars to build Taiwan's first intelligent kitchen and bathroom factory, integrating production and supply chains to create a highly autonomous, flexible, and customized intelligent production environment with small-batch and diversified characteristics.

(3) Imported appliances and kitchen appliances:

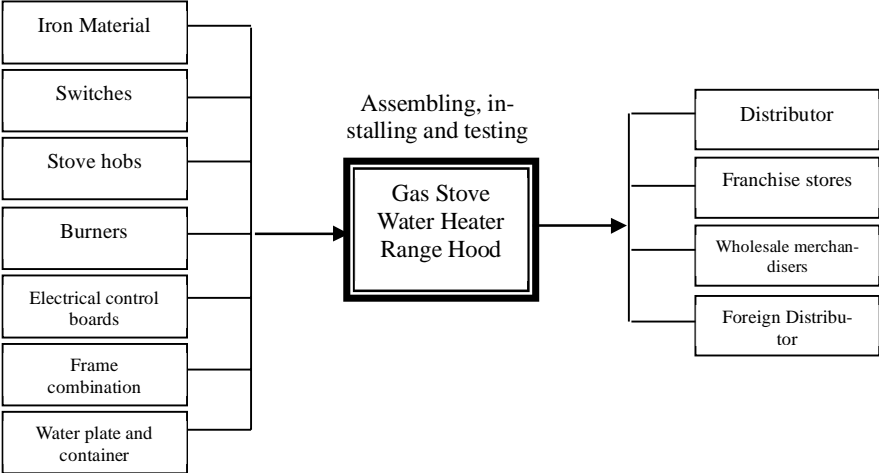
The imported appliance market is inextricably linked to the Company's main business: kitchen appliances, particularly dishwashers, IH induction stoves, and ovens, all of which have seen significant growth in recent years. The dishwasher market has experienced a five-fold growth over the past five years. In particular, it has witnessed rapid growth in the past two years, with an annual increase of approximately. Due to safety requirements and evolving user habits in the new generation, induction cooktops (IH) have also experienced a doubling in growth over the past five years. Ovens, microwave ovens, and steam ovens, on the other hand, have maintained a steady replacement growth of approximately 10% per year. The rapid growth of these imported kitchen appliances demonstrates that the popularity of imported kitchen appliances and western cooking styles are growing year by year, particularly in recent years, with the dishwasher and IH induction stove serving as indicators of a market turnaround. Double-income and small-family households are also driving changes in cooking habits, focusing on safety and enjoying life at home. The concept of enjoying life at home and reducing household chores, including dishwashing, drives the rapid development of these products.

Taiwan Sakura Corporation has observed the stable growth of the import market over a long period. Therefore, high, medium, and low-end brands were introduced to serve different consumer groups and price-level markets. The agent of internationally recognized Swedish brand, Electrolux, of household appliances (kitchen, refrigerator, washing and drying machine), is positioned as the high-end brand of the Sakura Group to meet the demand of consumers who desire the European lifestyle. Another brand, SVAGO, which also has European bloodline yet more stylish, is positioned to meet the affordable import market of built-in kitchen electronics and general electronics. All the brands that Taiwan Sakura serves as an agent of can enjoy Sakura's sound and competent service system. As a result, consumers can enjoy the European lifestyle while still benefit from the trustworthiness that Sakura offers. The strong combination of the factors mentioned above makes the sales grow steadily.

2. Association of upstream, mid-stream, and downstream industries

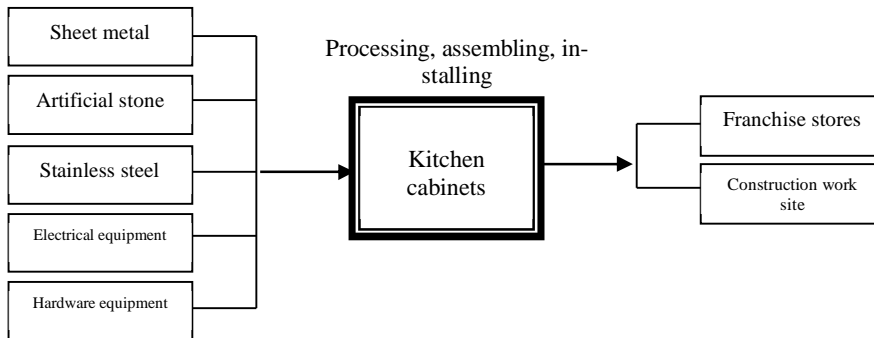
(1) Water heaters and kitchen appliances:

The main raw materials of the water heaters produced by the Company include iron material, switches, motors, stove hobs, burners, electrical control boards, frame combinations, etc. After assembling, installing, and testing all the related components, the Company can distribute and supply the products to foreign manufacturers, distributors, franchise stores and wholesale merchandisers in the downstream. The correlation diagrams of the upstream, mid-stream, and downstream is shown as follows:



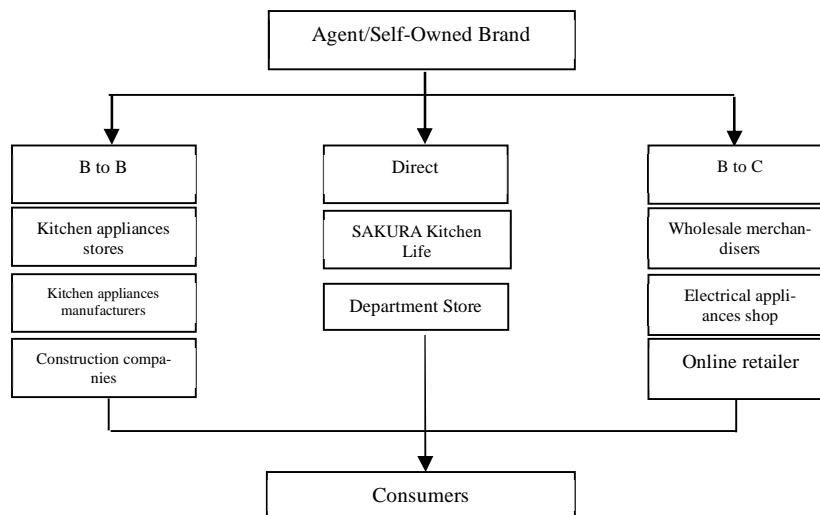
(2) Kitchen cabinets:

The main raw materials of kitchen cabinets produced by the Company include sheet metal, artificial stone, stainless steel, electrical equipment, hardware equipment, etc. After processing and assembling the raw materials, semi-products can be assembled or supplied to the downstream franchise stores in the market. The correlation diagrams of the upstream, mid-stream, and downstream is shown as follows:



(3) Imported kitchen appliances:

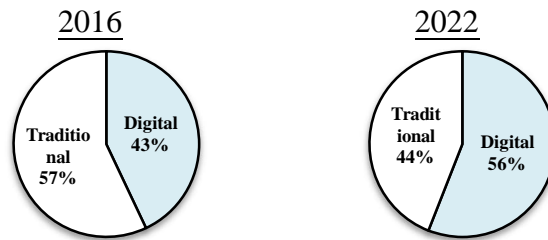
Electrolux, the brand of which Taiwan Sakura serves as the agent of, and SVAGO, our self-established European style brand, together import kitchen appliances including: electric oven, IH induction furnace, dishwasher, steam oven, steam baking microwave oven, range hood, gas stove, built-in coffee machine, etc.; and white appliances including: 220V washing and drying machine, built-in refrigerator, and so on. In addition to sales to downstream kitchen appliances stores, direct sales stores, kitchen appliances manufacturers, project based construction companies, electrical appliances shop, wholesale merchandisers, etc. (B to B to C), we also directly operate department stores and sell directly to consumers (B to C). The correlation diagrams of the upstream, mid-stream, and downstream is shown as follows:



3. Various development trends of products

(1) Water heaters:

The " Digital water heater " not only features low emissions and high efficiency but also includes intelligent digital thermostatic functionality and multiple safety devices. It can forcefully exhaust waste gas to the outdoors, ensuring a safer and more efficient operation. In recent years, digital water heater have replaced traditional water heaters as the mainstream choice for consumers, and their market share has been increasing year by year. The market share of traditional and digital water heaters in the overall market.



Data source: IPSOS market survey

TAIWAN SAKURA focuses on differentiated innovative features in smart products to meet consumer demands. In addition to the popular "Turbo Boost Smart Thermostatic Water Heater" introduced to address the issue of low water pressure in older homes, We have received much consumer acclaim. Introducing our exclusive patented "Four Seasons Warm" new smart thermostatic series, featuring intelligent temperature control technology that automatically adjusts the hot water temperature based on the changing seasons. It is a pioneering innovation in the industry. Furthermore, we have also pioneered an industry-patented compound technology that combines the functionalities of a water heater, chlorine removal, and scale inhibition in our skincare shower system. This allows consumers to transform their bathing time into a rejuvenating spa experience, creating a whole new bathing sensation. The integration of smart technology significantly enhances bathing comfort for consumers and differentiates us from competitors in the market.

(2) Kitchen appliances:

A. Gas stove:

Ever since the government provided subsidies for level 1 and level 2 energy-saving goods in 2013, consumers became more inclined to purchase energy-saving products. In the future, the basic product standard for gas stove products will be based on energy-saving level 2 or above. Currently, the functionality of products is aiming towards the convenience of cooking. In addition to the basic style that conforms to the sophisticated living taste, the introduction of smart control also allows customers to use the stoves more safely and to facilitate cooking.

B. Range hood:

To comply with the demand for open kitchen, the Company plans to continuously introduce range hoods that have super suction as well as intelligent wind control, which can adjust wind speed of the range hood according to smoke volume. All types of stoves can satisfy consumers' demands.

C. Dish dryer:

Product development will focus on addressing user pain points. In addition to meeting the basic drying needs of dishes and utensils, we will further develop products that offer convenient storage, stylish aesthetics, and complement the overall kitchen design.

D. Kitchen appliances:

Electrical appliances in the kitchen area no longer just includes a traditional range hood and gas appliance. More and more electrical equipment such as ovens and steamers are also becoming more common. Currently, we aim to meet the Chinese cooking needs, such as: steaming (steaming oven), stir-frying, cooking (gas stove), deep-frying (microwave, oven) and others. In addition, as most kitchens in Taiwan are small in size, the concepts of light cooking are becoming popular, resulting in good sales volume of IH stove, electric ceramic stove, electrical storage cabinet, etc.

E. Water Purifiers:

Water purifiers are no longer hidden devices in the kitchen space. Consumer demand for drinking water safety is gradually increasing, coupled with the need for storage space. Product designs are moving towards multifunctional integration to meet the drinking water needs of households.

(3) Kitchen cabinets:

A. With the increasing emphasis on improving quality of life among domestic consumers, TAIWAN SAKURA has conducted research on the lifestyle behaviors of various types of households. This research, combined with data from servicing 400,000 kitchen designs, has led to the identification of different "lifestyle-oriented" kitchen design modules. This enables us to provide more tailored and comprehensive kitchen planning that aligns with the specific needs of our customers. We combine professional 3D design planning software to create a seamless experience for customers, where the visual representation of their kitchen design closely matches the actual production. This approach allows us to create the best customized experience. The integration of functional concepts and aesthetic styles in our showcased kitchen spaces remains a focus and goal of our continuous development efforts in recent years.

B. To cater to the diverse needs of different consumer segments, we have introduced the high-end Italian imported kitchenware brand TLK. This brand offers a perfect product combination for customers who aspire to a European lifestyle.

C. Exclusive Sales Channel - SAKURA Kitchen Lifestyle Store:

In 2022, with the completion of the full-scale evolution of the fourth-generation SAKURA Kitchen Lifestyle Store, it continues to hold its position as the top brand in the kitchenware retail chain channel. We are upgrading the service value that consumers perceive, enhancing the overall consumer experience process, and providing a more comprehensive and satisfying consumer experience. The professional 3D intelligent drawing design system we utilize continues to evolve and update, adhering to the principle of being "designable, marketable, and producible." By integrating the operations from the store end to the production system, we significantly reduce consumer waiting time and streamline internal processes, effectively reducing production costs.

(4) Imported kitchen appliances:

Smart home appliance is the global trend in the past five years, mainly from the rapid progress of technology and Internet, which make the connection and interaction between products and consumers closer, such as intelligent detection, WIFI control and other functions; another health-related trend, such as anti-bacteria, air pollution filtration, grease and smoke removal and other functional demands, with the development of a civilized society, are also issues that consumers concern about. Products of brands exclusively sold by Sakura Taiwan also considered winning consumers' trust through continuously advancing technology and improving products.

4. Product competition

(1) Water heaters and kitchen appliances:

After the government implemented the fire protection standards on 1 February 2006 in order to ensure the safety of water heaters, the market demand for products has changed and the unit price of consumption has increased. Additionally, the implementation of the licensing system for water heaters installation and piping also emphasized on professional service and brand value. The increased economic and trading interaction across the strait has resulted in many manufacturers moving their production to China and establishing supply channels. As new types of products often require electric or remote-control functions, the overall industrial environment will shift towards competition in technology. Therefore, the traditional supply channels have faced a bottleneck, and brand operators have faced competition beyond pricing, such as providing new experience processes and assisting channel operators in terms of operational management. Well-rounded post-sales customer service and enhanced management platform for the counseling relationship will be the key factors to win the competition.

(2) Kitchen Cabinets:

- A. In the project market, we are fully embracing the concept of design modules and utilizing standardized specifications to achieve differentiated aesthetic designs. This approach enables us to align pricing and service offerings with market competition, further meeting the diverse needs of developers. We also provide lifelong free after-sales service to homeowners, assisting developers in building competitiveness and creating differentiation. Through our strong brand power, sales capabilities, and service excellence, we collaborate with developers to enhance the added value and sales conversion rates of their projects. Our goal is to become the leading brand in the project market.
- B. In the retail market, SAKURA Kitchen Lifestyle Stores have the ability to accurately understand consumers' different lifestyles and provide customized designs that encompass measurement, design, installation, and consultation services. As the only company in Taiwan with a dedicated sales channel advantage, we offer comprehensive solutions to meet their specific needs. We have introduced a new evolved fourth-generation store image and implemented standardized operating procedures (SOP) at our stores. Furthermore, we provide comprehensive education and training to our franchisees. These efforts aim to establish a higher-quality chain system and ensure that consumers receive better kitchen consultation services and an enhanced kitchen lifestyle consumer experience.

(3) Imported kitchen appliances:

The change of Taiwanese people's dining habits (Chinese cuisine + Western cuisine + baked goods) resulted in increased use of imported kitchen appliances and market potential, yet caused more intense market competition. For example, in recent years, other agents have also introduced smaller Eastern European brands to Taiwan in an attempt to divide the import market with European products.

In recent years, many large and small-size household appliances from Poland (Eastern Europe), Turkey (Southern Europe) and China (Asia) have gained popularity for their affordable price and quality, while Korean manufacturers received government subsidies, which led to many OEMs in Western Europe being restructured or acquired. Therefore, Taiwan has experienced problems such as "supply abnormality" or "high product homogeneity", and so on, while the rights of Taiwanese consumer were affected with respect to imported kitchen appliances, and even become the "service orphans of imported kitchen appliances."

The kitchen appliances imported by Taiwan Sakura are mainly based on Taiwan's market and consumers' demands. The innovative functions, convenient ergonomic use, minimalist European style design and craftsmanship of the kitchen appliances all together bring consumers a more convenient, fun and stylish lifestyle, demonstrating Taiwan Sakura's solid operation to fight against market competitors. Nonetheless, the imported products also provide support to Taiwan Sakura Group's service, giving consumers and stores more confidence and trust while buying and selling products.

(III) Research and Development:

1. Research and development expenditure for the most recent year and the three months period prior to completion of the annual report

Item/Value/Year	2022	Jan-Mar 2023
R&D costs (in thousands)	75,448	20,043
Proportion of revenue	0.92%	1.03%

2. Successfully developed products or technology over the past year are as follows:
 - (1) Intelligent gas stove touch control system
 - (2) Gas stove temperature detection system
 - (3) Double-fire high efficient gas stove combustion system
 - (4) Analysis of gas mix system design
 - (5) New generation dense lean combustion system
 - (6) Intelligent remote control system
 - (7) Multi-stage combustion small digital control system
 - (8) Water heater horizontal combustion system
 - (9) Heat exchanger at grade 1 efficiency
 - (10) Automatic temperature setting function of water heater
 - (11) Hand-gesture control system
 - (12) Air detection range hood
 - (13) Quick drying electric control system
 - (14) Smart tester for multiple products

(IV) Long-term and Short-term Business Development

1. Long-term business development plan

- (1) Product innovation: We continue to use digital technology to enhance the products' safety structure and greatly improve the design and processing skills, and aim at the research and development of short, medium and long-term new products every year. In addition to maintaining the leading position in the industry, we will initiate the change in consumption trends.
- (2) Establishment of the channel marketing system: In response to the multi-brand and multi-business entity model, the current channel popularity and complexity have since increased. Due to changes in current consumer groups and spending habits, we plan to develop a new channel marketing system. In addition to establishing the consumer experience process, new channel types will be introduced to enhance overall industry value and strengthen market leadership.
- (3) Development of home decoration business: The current business scope is still centered around kitchens and water heaters. However, due to the ongoing changes in the type of homes and the focus of life, there is a potential for kitchen and living space to overlap each other. Therefore, we will use our primary advantages to develop a home decoration business focusing on intelligent customization and overall house decoration.
- (4) Internationalized market layout planning: The Company's international operations primarily focus on the Asian market, with China and Vietnam serving as our primary markets. We make direct investments and concentrate our resources on our own brands while operating as a brand agent or design agent in other regions.

2. Short-term business development plan

- (1) Brand upgrade: In line with the development of intelligent enterprise, we will adjust the brand promotion content to incorporate the new brand slogan, "Enjoy Smart Lifestyle with Integrated Solution", and accompany the launch of intelligent goods and services to improve and enhance the brand image.
- (2) Increasing the overall market share of kitchens: New operating models such as retail process redesign and store upgrades have contributed to effective sales and price increases in stores across the province.
- (3) Promote diversified kitchen appliances: In response to the overall market trend, apart from traditional gas stoves and range hoods, the Company has developed and promoted other kitchen appliances such as water filter products, cooking appliances such as IH induction stoves, ovens, steam ovens, etc. The existing channel network is utilized to actively promote and develop other channel sales models through other electrical appliances, such as online shopping and department stores.

II. Market and Sales Overview

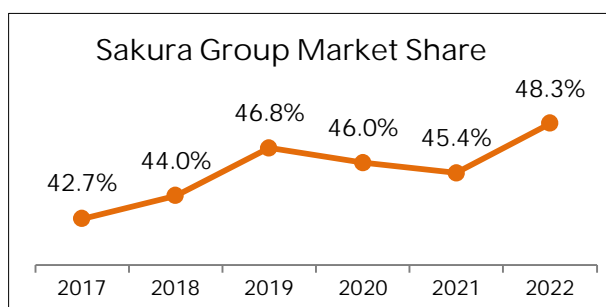
(I) Market analysis:

1. Sales area of major products

Major product	Major market	Major area
Water heaters	Domestic sales 90.4%, exports 9.6%	Taiwan, Asia, North America
Kitchen Appliances	Domestic sales 89.8%, exports 10.2%	Taiwan, Asia, North America
Kitchen Cabinets	Domestic construction site, chain store	Taiwan

2. Market share:

According to market research data, the Company is the market leader in gas appliance products and kitchen products.

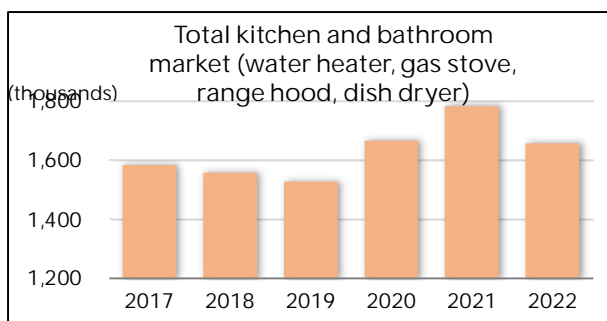


Data source: IPSOS market survey

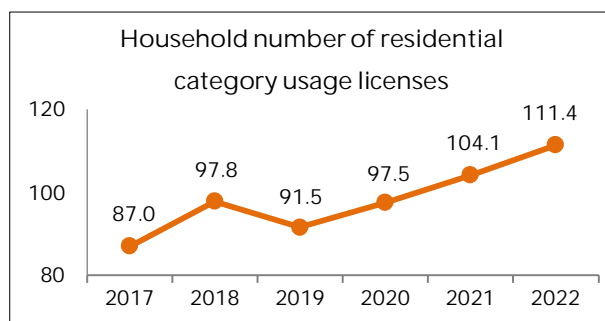
3. The supply and demand situation and future growth of the market

(1) Water heaters and kitchen appliances:

The overall volume of the kitchen and bath electrical market in Taiwan remains stable, with an average annual range of 1.5 to 1.6 million units. Occasional government energy-saving subsidies or stimulus programs can stimulate consumers to make purchases in advance, creating a sales boost. While the overall market increment is not significant, Sakura has been deeply engaged in research and development, leading product innovation, promoting product upgrades, and implementing price and volume transfer strategies. This continuous effort has been driving the overall value enhancement of the industry.



Data source: IPSOS market survey



Data source: Department of Construction, Ministry of the Interior

In terms of overseas expansion, the Company currently sells products in Mainland China, Hong Kong, the United States, Canada, Vietnam, Myanmar and other countries. In addition to establishing subsidiaries to operate in local markets, we are also diversifying into the international market through brand representation or design OEM. In the future, we will continue to operate under international brands and actively explore business opportunities with international manufacturers to promote the growth of the overseas market.

(2) Kitchen cabinets:

As lifestyles evolve, the development of kitchen-centric spaces will be more prominently expressed in overall home design. Having a perfectly functional open-plan dining and kitchen space has become a major trend nowadays, especially with the noticeable trend towards compact and refined homes. Consumers have higher expectations for residential spaces and functionality, which creates great potential for the kitchen appliance market in the future.

It is projected that the housing market will continue to experience a trend of increased property transactions, the number of newly constructed residential units is expected to continue growing. Moreover, the continued fermentation of the benefits from upgrading the fourth-generation stores of the SAKURA Kitchen Lifestyle Store throughout Taiwan will persist. We are committed to enhancing the competitiveness of our overall kitchen offerings by introducing more high-quality kitchenware and high-performance equipment. This will help drive up the average unit price and provide better value to our customers.

(3) Imported kitchen appliances:

Due to changes in generation and lifestyle, Taiwanese people's standards of living have gradually increased and even become bipolar; one end of the M-shaped society has increased recognition in European and American brands. Cooking at home and using various kitchen appliances have also increased the trend of diversified cooking. As a result, the volume of imported kitchen appliances will continue to grow. Recently, especially regarding dishwashers, the growth is even more apparent in this regard.

4. Niches in competition

(1) Innovative research and development capabilities:

The Company has the most powerful R&D team in the industry in terms of gas burners and kitchen cabinets appliances. We actively introduce and train critical technology R&D talents and invest in leading-edge research on key technologies and modules.

We cooperate with external academic research institution teams to develop technologies such as combustion, electronics, and electrical engineering. The industrial design is also utilized to allow new products be more intelligent and innovative, so that products can match well with the interior design styles to maximized consumers' living safety and convenience, which align with our core value of Enjoy Smart Lifestyle with Integrated Solution.

(2) Strong marketing system:

In terms of kitchen appliances and water heater products, the Company has 9 general distributors, who have nearly 4,000 distributors and offices throughout the nation. On the other hand, kitchen cabinets currently have more than 100 exclusive chain channels, "The SAKURA Kitchen Life", which recently joined the business operation. Recently, we have also actively invested in different sales channels and continued to restructure channels and establish new sales models to maintain our market channel position.

(3) Well-rounded service policy:

Enabling everyone to create life rituals and enjoy a beautiful life is the belief that SAKURA upholds. While creating our products, we also contemplate how to make beauty eternal, staying vibrant in everyday life and not fading with time. And the commitment to providing everlasting after-sales service is the strongest guarantee for a wonderful life.

"SAKURA i Care" is not just a simple after-sales service; it is a gentle and unwavering declaration from Taiwan Sakura to consumers: because we care about you at all times, we provide five major services that are "permanent" and "free," creating an everlasting sense of security and protection in consumers' lives!

Since 1978, SAKURA has continuously introduced the following services:

- Free lifetime safety inspections for water heaters, ensuring the healthy operation and

uninterrupted hot water supply of SAKURA water heaters.

- Free lifetime delivery of oil nets for range hoods, ensuring the powerful suction performance of SAKURA range hoods.
- Free lifetime kitchen inspections, allowing SAKURA kitchens to consistently create a safe and delicious living environment.
- Free lifetime inspections of water purifiers, maintaining high-quality water filtration standards for pure and refreshing drinking water.
- Free lifetime space inspections/updates and planning, elevating SAKURA households to a higher level for a better living experience.

In order to uphold unwavering protection, we actively embrace change. Sakura's service has undergone a comprehensive upgrade. Simply scan the QR code to instantly access SAKURA i Care: Our new CRM system is designed to create personalized profiles, enabling us to anticipate your needs in advance. The UCC platform allows us to listen to your feedback and not miss out on important messages. The precise GPS system enables us to take immediate action and fulfill your needs in real time. "SAKURA i Care" delivers innovative and intelligent services that make it easy for you to enjoy a wonderful life.

The Company's nationwide sales offices and service stations are already mature, in compliance with the headquarters's after sales service policy. The Company provides consumers with a high level of assurance and satisfaction through the Company's after sales service guarantee, fulfilling the Company's promise to serve consumers for a lifetime.

iCare Caring at all times, guarding for eternity.



Water heater
safety inspection



Delivery of cooking
oil net to your home



Kitchen
inspection



Water purifier
inspection



Space inspection/
Update planning

5. Advantages and disadvantages of long-term development and response strategy

(1) Water heaters and kitchen appliances:

A. Advantages:

- (a) The Company is actively exploring the global market. The manufacturing and operational management capabilities of the mainland China plants are constantly improving, which will help develop business opportunities with OEM/ODM international companies and expand overseas markets.
- (b) The Company has 9 general distributors and sales offices throughout the country, and exclusive channel – SAKURA Kitchen Life. The Company has also been actively engaged in the operation of the wholesale channels to build a complete marketing network.
- (c) Well-rounded service policies and systems, the integration of the after-sales service platform (SAKURA iCARE), and active service have established an outstanding brand image

for the Company.

- (d) Professional R&D team and introduction of synchronous engineering development system can effectively shorten development time.
- (e) In line with the release of fire protection regulations, consumers' safety awareness has risen, and the replacement purchase market has increased.
- (f) The diversified brand management model shifted the target consumer group towards younger generation and gradually operate the next generation of consumer groups.

B. Disadvantages:

- (a) The replacement years of the kitchen supplies in Taiwan have increased due to the improvement of technology and quality.
- (b) The competition within the industry is becoming more and more intense; low-end and local brands are still using price as their main competitive means, which is unfavorable in terms of overall industry development.

C. Responsive strategy:

- (a) Introduce the NPS manufacturing system to create a flexible yet cost-effective production operation model.
- (b) Effectively integrate procurement resources and strengthen production technology capabilities to provide cost-competitive products.
- (c) Master the consumption and market trends, develop new products and integrate product lines to create added value and differentiation value for products.
- (d) Improve channel management, avoid price competition, increase product loyalty, and prevent market intrusion by competitors.

(2) Kitchen cabinets products:

A. Advantages:

- (a) We have the most well-known kitchenware brand image in the country.
- (b) We have nine distributors and sales offices across the country, and exclusive channel-“SAKURA Kitchen Life”, as well as having recently been actively engaged in operating wholesale marketing channels to build a complete marketing network.
- (c) The only kitchen professional trainer in the country: the “Culinary University”, trains kitchen design talents every year. There are now more than 200 qualified designers in the country.
- (d) Having the professional capability to independently research, design, and manufacture kitchen cabinets and equipment, achieving the optimal integration and coordination between kitchen cabinets and electrical appliances.
- (e) The upgraded "SAKURA i Care" service system integrates a comprehensive customer service center and a complimentary kitchen inspection service. To provide consumers with more immediate convenience in warranty repairs and professional services, we aim to establish the strongest brand fortress for TAIWAN SAKURA.

B. Disadvantages

- (a) Our product price and customer groups overlap with existing competitors.
- (b) Competitors often confuse consumers with low-cost sales strategies.

C. Responsive strategies:

- (a) Integrate procurement resources, streamline processes and management, and effectively reduce operating costs.
- (b) By integrating customer observation data into product planning and design, the company

can develop products that better align with consumers' lifestyle needs, enrich the product line, enhance competitiveness, and increase brand awareness.

- (c) Enhancing the quality of designers and optimizing the sales service process can add value to the consumer experience.
- (d) Strengthen chain-operating “Know-how”, management and coaching, and effectively replicate successful storefront business models to increase market share.

(3) Imported kitchen appliances:

A. Advantages:

- (a) Taiwan Sakura Company possesses an absolute advantage in terms of its local sales service network and corporate strength, which serve as strong support for imported goods.
- (b) With the competent after-sales staffs of the Sakura Group, timely service is instantly satisfied.
- (c) The exclusive channel to the largest kitchen chain in the country – “SAKURA Kitchen Life” stores and complex network of kitchenware sales channel. We are the imported brands’ first choice as domestic collaboration partners.
- (d) Exclusive sales of Electrolux kitchen built-in products, the world's premier home and commercial appliance company.

B. Disadvantages:

- (a) Since last year, the impact of COVID-19 has been diminishing. However, the Ukraine-Russia conflict has led to a global increase in factory raw material costs, and the inflationary effects of Turkey's currency have impacted the supply chain. Additionally, countries raising interest rates and implementing consumption tightening measures have added to the uncertainty in the market.
- (b) Major competitions have long been deeply entrenched in the Taiwan market and have become leaders in certain categories that account for specific market shares, yet they actively invest in resources.
- (c) Competitors of new agent brands are also actively exploring the market, intending to divide Taiwan's high-end imported electrical goods market.
- (d) Domestic brands adopt low-cost original equipment manufacturer and homogenous product sales strategies to actively divide the market.

C. Responsive strategies:

- (a) The home kitchen market sales have entered the post pandemic era, coupled with the flourishing food delivery industry, as consumers gradually adapt to the "stay-at-home" lifestyle, which contributes to overall growth. However, a challenge this year is the anticipated surge in revenge travel, which may dilute the contribution of the domestic consumer market. If the economy remains vibrant, there will still be positive developments in the long run.
- (b) Use of the double-brand strategy; with mid-to-high-end Electrolux as the main brand and SVAGO in the entry market, utilizing strong products from each brand to invade and defend against other competitors.
- (c) Actively promote the SVAGO brand, creating market recognition and brand insistence.
- (d) Deepen experience marketing so consumers can learn the superiority of products. Taiwan Sakura has established three “Experience Halls” all over Taiwan and continued to promote cooking courses and experience lessons.
- (e) Actively utilize the group’s internally shared network to expand sales, making operation more efficient and effective.

- (f) Actively operate direct sales stores in department stores and distributors, enhance brand image through department store counters to showcase brand image and brand name to boost overall sales.
- (g) Move towards retail market as the real estate market is unstable.
- (h) Operate designer channels, promote brand, and enhance brand referrals.

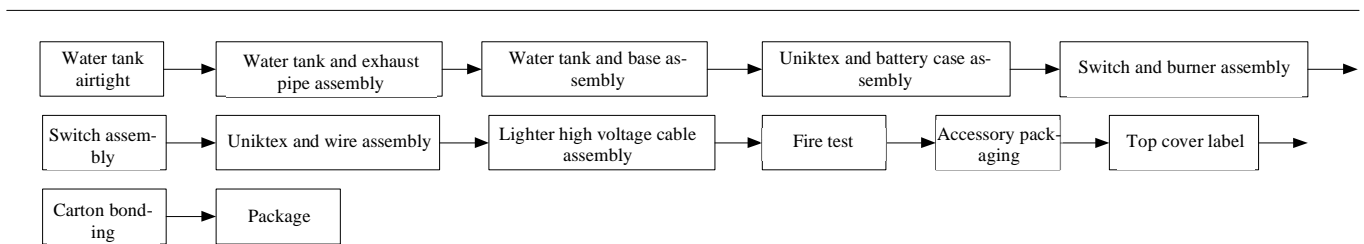
(II) Important Uses and Production Processes of Main Products

1. Important uses of major products:

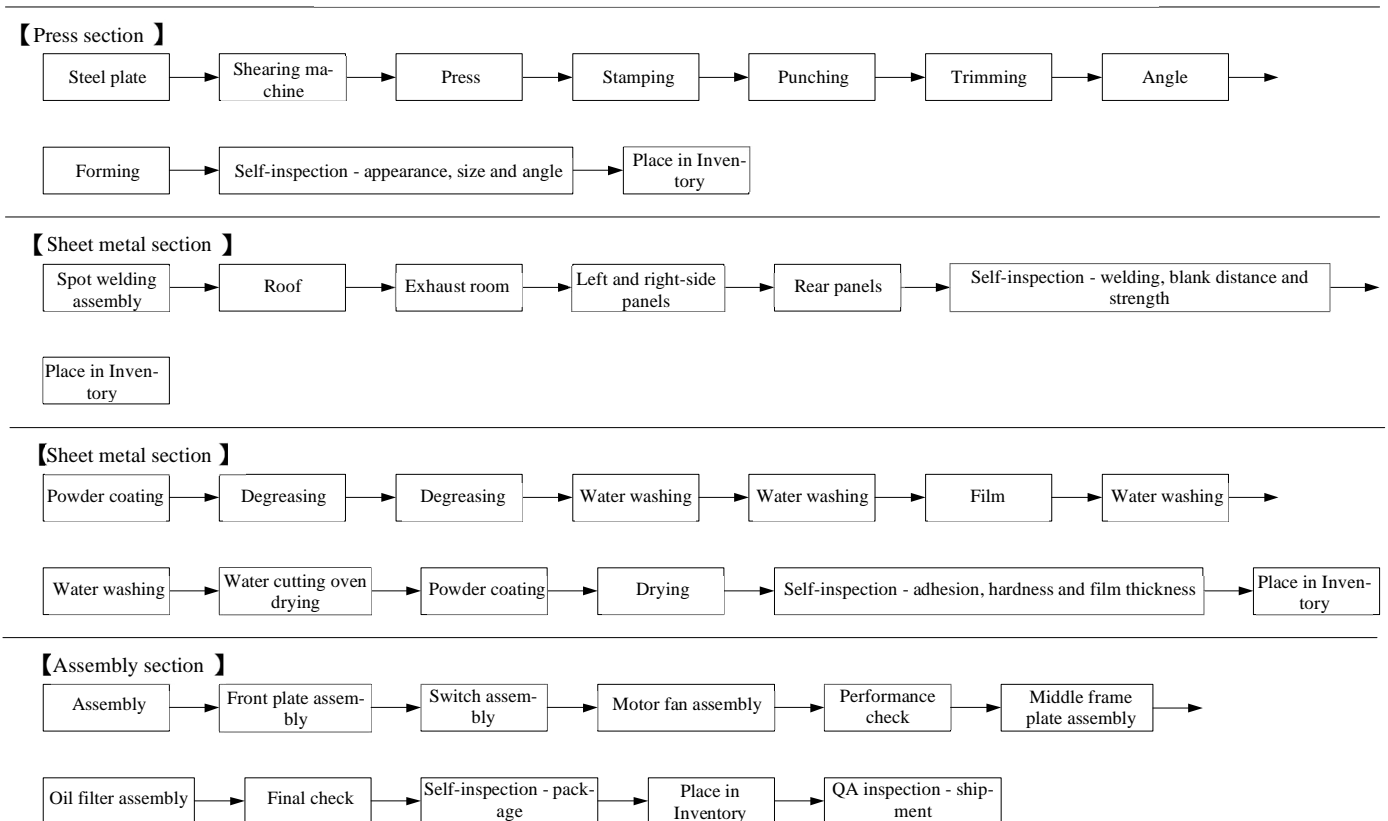
- (1) Water heater: A hot water supply for cleaning or bathing.
- (2) Range hood: An appliance to eliminate kitchen fumes and keep the kitchen clean.
- (3) Gas stove: An appliance to cook in the kitchen.
- (4) Dish dryer: An appliance to clean tableware.
- (5) Kitchen cabinets: Accessories for the countertop cabinet equipment used for cooking in the home kitchen.

2. Production processes of major products:

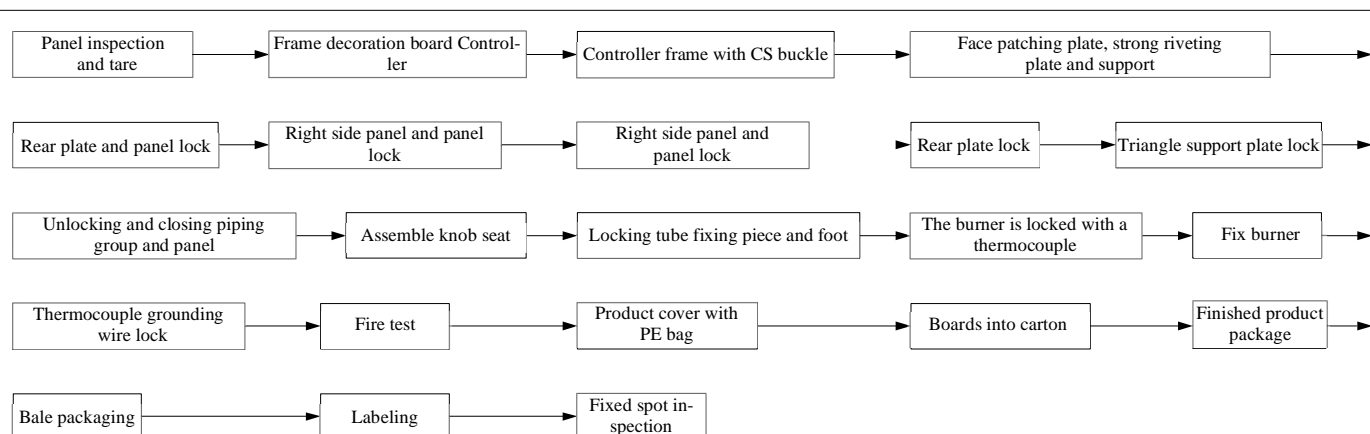
Water heater production flow chart



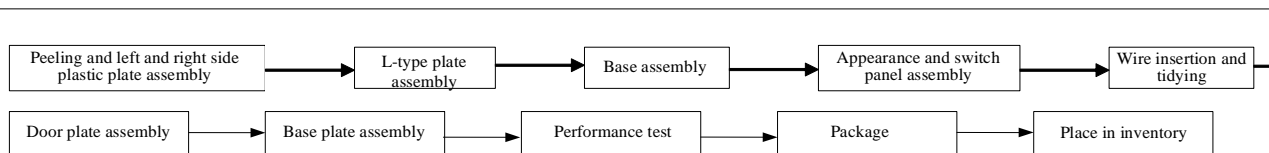
Range hood production flow chart



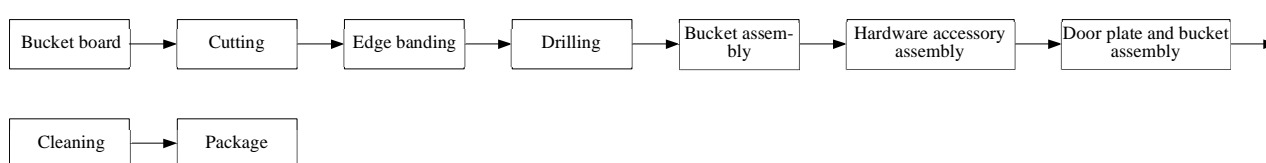
Gas stove production flow chart



Dish dryer production operation flow chart



System kitchenware production flow chart



(III) Supply Status of Main Materials:

Major product	Main raw material name	Main source	Supply situation
Water heater	Water tank, exhaust pipe, switch, burner, etc.	Domestic and China	Good
Kitchen appliance	Steel plate, motor, fan blade, machine plate, etc.		
Kitchen cabinets	Gas appliances, wood, aluminum, artificial stone, etc.	Domestic and Europe	

(IV) Major Suppliers and Clients for the Last Two Years:

1. Major suppliers : None.

2. Major clients:

Unit: NT\$ thousands

Item	2021				2022				As of 31 March 2023			
	Company Name	Amount	Proportion to annual sales amount (%)	Relationship with Issuer	Company Name	Amount	Proportion to annual sales amount (%)	Relationship with Issuer	Company Name	Amount	Proportion to annual sales amount (%)	Relationship with Issuer
1	C company	1,413,513	18.7	None	C company	1,507,715	18.4	None	C company	364,686	18.8	None
2	S company	762,382	10.1	None	S company	751,329	9.1	None	S company	193,510	10.0	None
	Others	5,393,467	71.2		Others	5,953,818	72.5		Others	1,384,667	71.2	
	Net Total Sales	7,569,362	100.0		Net Total Sales	8,212,862	100.0		Net Total Sales	1,942,863	100.0	

(V) Production in the last two years:

Unit: Pcs (Set) /NT\$ thousands

Output	Year	2021			2022		
		Capacity	Quantity	Production Value	Capacity	Quantity	Production Value
Major Products							
Water heater		367,386	333,987	1,302,760	347,613	321,580	1,368,798
Kitchen appliance		482,318	469,163	1,497,356	507,336	504,673	1,823,281
Kitchen cabinets		30,297	29,419	1,641,412	33,658	33,283	1,930,372
Total		880,001	832,569	4,441,528	888,607	859,536	5,122,451

(VI) Sales in the last two years:

Unit: Pcs (Set) /NT\$ thousands

Sales	Year	2021				2022			
		Domestic		Export		Domestic		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major Products									
Water heater		383,700	2,123,870	45,023	245,176	311,531	2,167,698	26,902	229,344
Kitchen appliance(Note1)		492,623	2,375,700	71,097	270,268	569,405	2,569,468	59,151	292,639
Kitchen cabinets(Note2)		42,844	1,834,186	-	-	49,986	2,083,298	-	-
Others(Note3)		194,544	719,780	134	382	389,338	854,746	4	15,669
Total		1,113,711	7,053,536	116,254	515,826	1,320,260	7,675,210	86,057	537,652

Note 1: The main kitchen equipment includes range hoods, gas stoves, dishwashers, and water purifiers.

Note 2: The total quantity of system kitchen equipment includes 33,283 complete sets and 16,703 incomplete sets.

Note 3: Other quantities include water purifier filter.

III. Human Resources Information for the Last Two Years and as of the Date of Publication of the Annual Report:

Year		2021	2022	As of 31 March 2023
Number of Employees	Direct Manufacturing Employees	365	410	415
	Indirect Manufacturing Employees	136	137	140
	Sales Employees	367	376	378
	Administrative Employees	96	102	102
	R & D Employees	55	55	54
	Total	1,019	1,080	1,089
Average Age		38.89	38.61	38.92
Average Year of Services		7.84	7.60	7.91
Distribution of Level of Education	Ph.D.	0.2%	0.2%	0.2%
	Master's	7.4%	6.3%	6.4%
	College or Equivalent	48.8%	48.3%	47.8%
	High School	26.2%	23.0%	22.6%
	Lower Level of Education	17.4%	22.2%	23.0%

IV. Disbursements for Environmental Protection:

Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspections, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If the amount cannot be reasonably estimated, an explanation of the reason why it cannot be reasonably estimated shall be provided:

- (I) The total amount of losses and penalties incurred due to violations of laws and regulations in the most recent fiscal year up to the printing date of the annual report is as follows:

Date	Factory	Disposal Number	Violated law	Violation Content	Penalty
May 2022	Shenkang Factory	Taichung Environmental Water Letter No. 1110049136	Water Pollution Control Act	Exceeded discharge water standards for substance content	Fine: NT\$1,071,000

- (II) Future countermeasures and potential expenditures:

- (1) In addition to actively improving factory operations arrangements, efforts will be made to implement direct improvement measures such as increased pH calibration and cleaning frequencies.
- (2) Purchase the latest handheld pH detectors to enhance accuracy and conduct periodic inspections of the entire system, including cleaning and discharge tanks and pump bodies.
- (3) Implement a remote monitoring water management solution and incorporate intelligent management practices.

V. Labor Relations:

- (I) List of any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and various measures for preserving employees' rights and interests:

1. Employee's welfare package

In order to promote the welfare measures of employees and support their needs in terms of work, life, safety, health, etc., which offer employees a wide variety of subsidies and benefits in addition to their salaries and wage, increasing employee's loyalty to the Company. The Company plans welfare measures and programs to promote physical and mental health, which are de-scribed as follows:

- (1) There is an employee compensation system to share the outcomes of the Company's operations with employees.
 - (2) The Employee Welfare Committee has been established in accordance with the law to actively promote various employee welfare programs and provide grants and benefits such as birthday gifts, wedding and funeral grants, maternity grants, injury and illness grants, and educational scholarships for Sakura's children.
 - (3) The Sakura Cultural and Educational Foundation was established to provide annual subsidies and benefits such as employee and children's education scholarships.
 - (4) Every year, Sakura Family Day or small-scale activities are held to strengthen the bond between Employees' families and the Company.
 - (5) Provide a group insurance plan for employees to strengthen employee care.
 - (6) Provide on-the-job training on occupational safety, environmental protection, health and safety.
 - (7) We express our appreciation to our employees during the Spring Festival, May 1 Labor Day, Mid-Autumn Festival, annual spring reception, and employee birthday celebrations.
 - (8) Encourage employees to form recreational groups of various kinds to enrich their leisure life.
 - (9) Provide annual grants for continuing education for employees to encourage them to enrich themselves and develop other skills in work and life.
 - (10) Hold annual seminars on health, management, or humanistic care topics to refresh employees' knowledge outside the workplace.
 - (11) Establish an employee stock trust system and company bonuses to protect employees' retirement life.
 - (12) In accordance with the Company's Articles of Incorporation, 2% to 8% of annual profits shall be set aside for employee compensation. Therefore, both parties can share operating results.
- ### 2. Employee education and training
- (1) TAIWAN SAKURA believes that talents are one of the Company's most important assets. We therefore provide necessary and appropriate training and development courses so employees can improve work quality and performance. We can also reach consensus with employees to ensure that the Company's business objectives are achieved and to continuously create the Company's core competitive advantages.

- (2) The expenditure on employee education and training in 2022 was NT\$1,645 thousands. The related education and training courses are summarized as follows:

Internal and external training courses	Total number of people	Total hours
Management course	200	1,170
Manufacturing course	176	1,320
Marketing course	105	800
Human resources course	136	497
R&D technology course	225	1,057
Financial accounting course	45	161
Labor safety and health course	2,975	8,656
Indirect employees newcomer education training course	122	1,098
Total	3,984	14,759

- (3) Employee education and training methods:

In order to develop talents of all levels and to boost employees' potential to achieve target goals, the Company has set up a complete procedure for employee education and training, and has implemented various training courses in a planned manner so that all employees have the competencies to perform their work. In order to ensure the effectiveness of training, the training systems are standardized as the following: orientation and training for new employees, professional/level education, project-specific education, OJT education and overseas allocation education.

The Company expects to be able to develop talents required for each job through a comprehensive employee education and training system to ensure product quality and improve operational efficiency. By doing so, we can gain trust from our customers and achieve outstanding results for our customers, shareholders, the Company and employees.

3. Retirement system and its implementation

In order to protect the life of employees after retirement, the Company has established a retirement scheme based on the Labor Standards Act. Any employee who has served at the Company for more than 15 years and has reached the age of 55, or one who has served for more than 10 years and has reached the age of 60, or one who has served for more than 25 years can apply for voluntary retirement. The human resources department regularly reviews the list of employees who will retire at the age of retirement, and understands employees' retirement wishes in advance, and provide guidance to employees in career planning.

The employees joined before 30 June 2005, the Company reserve the labor retirement reserve Fund(The old fund) amounted to 2% of the total salary paid to CTC labor pension accounts according to Labor Standards and Labor Pension Act. As of 31 December 2021, the above-mentioned labor pension reserve fund account balance was NT\$145,974 thousands. The provision can meet the current retirement needs of relevant employees.

All employee available for The Labor Retirement Reserve Fund(The new fund), the Company reserve the fund amounted to 6% of the total salary paid to individual retirement reserve account. In addition to the employer's fixed monthly contribution of 6% of the pension, employees can also choose to withdraw from 0% to 6% of the pension according to their personal wishes, and deposit them into the individual retirement reserve account.

In October 2003, the Company established a trust system for employee shares. Employees who have been with the Company for at least six months can apply for the scheme and purchase shares of the Company with a fixed monthly withdrawal amount per person and a 200% bonus amount from the Company to help employees save and accumulate long-term wealth. As a result, this system also increases the participation of employees in the Company, as well as enabling employees to share the benefits with the Company and enhancing the protection of retirement life.

4. Employer and employee agreements and the maintenance of various employee rights

Since the establishment of the Company, both employers and employees have set up work rules and held regular employer and employee meetings to communicate adequately so that both parties can work closely together. The Company has an Employee Benefit Committee, which organizes different kinds of group networking events from time to time to establish a strong relationship between employers and employees. In addition, this Committee is also considered as a communication channel for employees to provide opinions or suggestions, and no major capital disputes or losses occurred in the recent year.

5. Measures to protect employees' rights and interests

The Welfare Committee and the Employee Health and Safety Committee are established in accordance with the law. The auditing unit regularly reviews the allocation and utilization of funds for employee welfare, and the establishment of safety and health behaviors and habits. Publications such as “Sakura Newsletter” and “Sakura e Quarterly” as well as regular and irregular communication meetings to strengthen the promotion of company policies, systems and various welfare measures.

(II) The losses incurred due to labor disputes in the most recent fiscal year and up to the printing date of the annual report are as follows: Our company enjoys a harmonious labor-management relationship, and there have been no significant labor disputes or losses incurred in the most recent fiscal year up to the printing date of the annual report.

(III) Work environment and protection measures for employees' personal safety

The company regularly holds relevant safety and health education and training courses, such as electrical safety, the use and management of hazardous chemicals. For fire safety, the company holds relevant fire drills every six months to enhance the necessary concept of disaster prevention for employees such as follows:

1. In February and August of each year, professional organizations are entrusted to perform environment inspection of the work sites. Inspection items include organic solvents, dust and noise, etc. The results are announced upon the completion of inspection. Control measures such as projects or administrative management are implemented in areas that did not meet the regulatory standards in order to maintain employees' health.
2. Establish a healthy workplace to prevent occupational diseases based on the “Occupational Safety and Health Act” and the “Labor Standards Act”. In addition, according to the labor health protection rules, regular health checks (general health check, special health check, management-level health check) are performed. The results of the health checks are disclosed by the doctor. Health management and follow-ups are carried out for those with abnormal health conditions. The related units are required to conduct corrective measures such as transferring to a more suitable workplace, wearing personal protective equipment according to regulations, as well as education and training.
3. In May 2003, the Company passed the ISO9001 quality management system certification, and after several revisions and updates, the Company passed the annual audit of 2015 version (validity period: 2021.08.11~2024.08.03) in 2018, following the seven quality management principles, implementing full participation, continuous improvement and risk management, and striving to meet customer

needs and improve quality. The Company is committed to meeting customer needs and pursuing quality excellence.

4. In September 2011, the Company passed the ISO14001:2004 Environmental Management System Certification had been revised and updated many times, and the 2015 edition was passed in 2018 (expiration date: 2020.11.27~2023.07.16). All employees were committed to preventing environmental pollution, promoting reusable resources and development of energy-saving products, and continuously promoting the environmental management system to ensure the completeness of the Company's environmental protection management mechanism.
5. In December 2018, the Company passed ISO45001:2018 (formerly OHSAS 18001) Occupational Safety and Health Management System Certification (expiration date: 2021.12.25~2024.12.24) to ensure the safety of the employees' work environment, and is expected to reduce workplace hazards and related diseases.

(IV) Employee behavior and ethical standards:

Through the Company's intranet site, the benefits and systems established over the years are clearly communicated to each employee. All employees are expected to comply with governmental laws and regulations, as well as the Company's established rules and procedures. Integrity and honesty are the core of the most important connection between the Company's organizational level supervisors and employees and are considered as the highest ethical standard of conduct. In addition, the Company also emphasized that all employees should adhere to the "Code of Ethics for Employees":

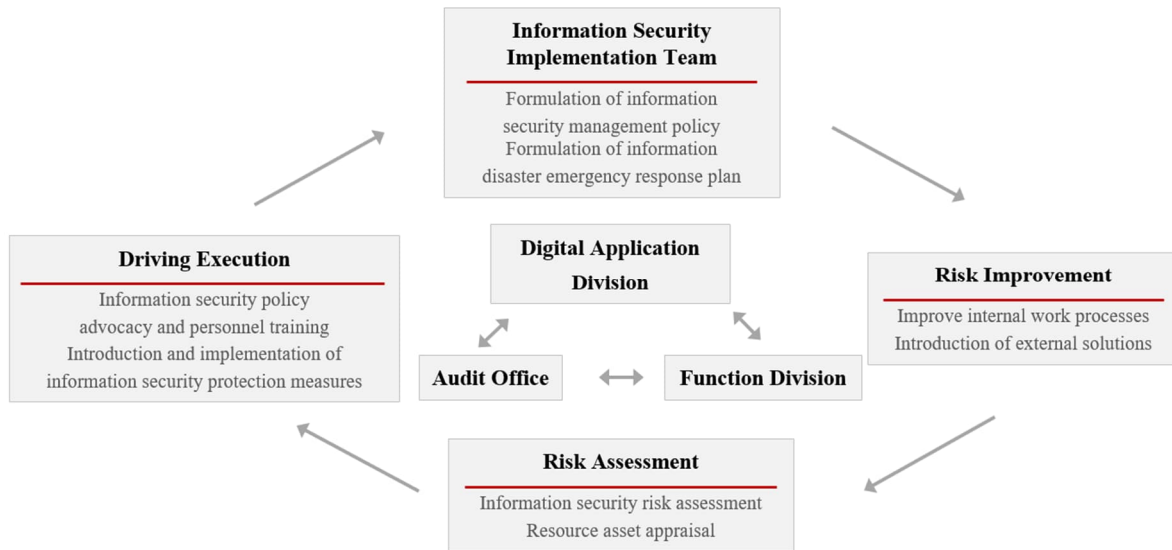
1. Conduct all business with integrity and record all transactions truthfully.
2. In the performance of duties, it is necessary to ensure the confidentiality of business information, keep complete business and operational records to respect the commercial assets, intellectual property and personal assets of the Company, customers and partners.
3. All employees are required to report to management when there is any breach of ethics or a suspected violation of this Code.
4. Every employee shall do his or her best to treat customers, suppliers, competitors and other employees of the Company fairly. No employee is permitted to manipulate, conceal or abuse proprietary information, misrepresent material facts or engage in other unfair dealings.
5. All employees are not allowed to receive or give discounts or other improper benefits to customers, suppliers or other employees of the Company.
6. All employees are strictly prohibited from accepting cash or other disguised goods such as gift certificates, checks, stock or other securities.
7. All employees are prohibited from accepting entertainment.

VI. Cyber security management

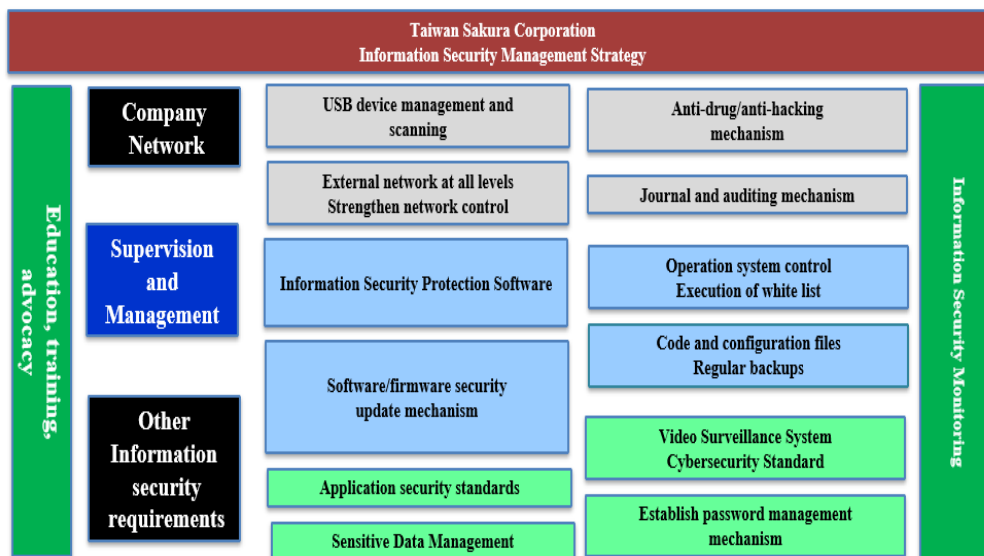
(1) Information Security Management Framework

1. Organizational operation mode: PDCA (Plan-Do-Check-Act) cycle management to ensure the achievement of reliability targets and continuous improvement.
2. Digital Applications Department: As the responsible unit for information security within our company, this department consists of one manager and several professional IT personnel. Their main responsibilities include formulating internal information security management policies, planning and implementing information security operations, as well as promoting and enforcing information security policies.

3. **Audit Office:** The Audit Office serves as the supervisory unit for information security oversight within our company. It consists of one audit manager and several dedicated audit personnel. Their main responsibilities include supervising the implementation of internal information security measures and regularly reporting the results of company information security inspections to the Audit Committee. If any deficiencies are identified during the audit, the Audit Office promptly requests the audited units to submit relevant improvement plans and concrete actions. They also regularly monitor the effectiveness of these improvements to mitigate internal information security risks.



(2) Information security management strategy



(3) Information Security management measures

1. Establish an information security executive team to formulate information security management policies and specific implementation plans to ensure information security.
2. Carefully handle personal information in accordance with the Personal Information Protection Act.

3. All personal computers and servers shall be password- protected and anti-virus software shall be installed and passwords and virus codes are updated regularly and compulsorily.
4. Comply with intellectual property regulations and ensure that all computer software installed is legally authorized.
5. Employees are responsible for the safekeeping and use of their colleagues' accounts, passwords, and authority, and they are required to replace them on a regular basis.
6. Important data should be backed up and the validity of the backup should be confirmed regularly.
7. Periodic rehearsals are conducted in accordance with the “Information Disaster Contingency Plan” to facilitate quick restoration of system operations in the event of an information security incident.
8. All employees shall comply with legal regulations and information security policy requirements. Supervisors shall supervise the information security compliance system and its implementation and regularly perform information security promotion operations to strengthen employees' information security awareness and legal conceptions.

(4) Promotion of information security

1. Education and Training: All new employees receive information security education and training. Personal data protection awareness is promoted during company monthly meetings. The information security-related education and training conducted in 2022 are as follows:

Date	Course Name	Duration	Number of Participants
25/03/2022	New Employee Training: Notes on Usage and Information	1	30
01/06/2022	Company-wide Monthly Meeting: Personal Data Protection Awareness	1	370
15/07/2022	New Employee Training: Notes on Usage and Information	1	68
21/10/2022	New Employee Training: Notes on Usage and Information	1	40
28/12/2022	New Employee Training: Notes on Usage and Information	1	27

2. In September 2022, the company commissioned Deloitte Taiwan to conduct a cybersecurity health check, and a project report was submitted in October.
3. The relevant information security policy and its implementation are described in the board meeting on November 7, 2022.

(5) Significant cyber security incident

There is no significant cyber security incident during the current fiscal year up to the date of publication of the annual report.

VII. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Agency	Ying Qun Co., Ltd. and other 9 companies	According to individual contract	Authorized as the domestic general distribution of Sakura brand range hoods, gas stoves, water heaters, etc.	None
Subcontractor production contract	Jianzao metal industry (Ltd) company and other 120 companies	According to individual contract	Preparation and purchase of raw material parts and commissioned processing	Certain molds or designs provided by the Company have exclusive right of use
The self-construction project contract	Enrich Tech Co., Ltd.	03/2023~09/2024	New Construction Project for the Wufeng Factory	None

Chapter 6 Financial Information

I. Five-Year Financial Summary

(I) Condensed Balance Sheet and Statement of Comprehensive Income

Taiwan Sakura Corporation and Subsidiaries

Condensed Consolidated Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					Financial data as of 31/03/2023 (reviewed by Independent Auditors)
		2018	2019	2020	2021	2022	
Current assets		3,314,683	3,464,751	3,926,148	4,447,682	4,789,280	4,674,862
Property, plant and equipment		1,354,174	1,361,477	1,574,123	1,936,962	1,965,498	1,964,349
Intangible assets		96,320	92,092	108,499	165,402	154,315	151,575
Other assets		1,591,002	1,929,117	1,894,592	1,729,500	1,781,754	1,797,934
Total assets		6,356,179	6,847,437	7,503,362	8,279,546	8,690,847	8,588,720
Current liabilities	Before distribution	1,829,336	2,003,232	2,283,840	2,632,275	2,643,209	2,316,656
	After distribution	2,415,307	2,589,203	2,991,428	3,428,311	Undistributed	Undistributed
Non-current liabilities		154,458	155,649	180,646	205,118	325,157	319,791
Total liabilities	Before distribution	1,983,794	2,158,881	2,464,486	2,837,393	2,968,366	2,636,447
	After distribution	2,569,765	2,744,852	3,172,074	3,633,429	Undistributed	Undistributed
Equity attributable to the parent company		4,372,385	4,688,556	5,038,876	5,380,114	5,667,218	5,898,685
Common stock		2,211,212	2,211,212	2,211,212	2,211,212	2,211,212	2,211,212
Additional paid-in capital		91,354	97,484	104,265	112,370	121,350	122,543
Retained earnings	Before distribution	2,186,038	2,481,387	2,794,767	3,094,812	3,384,414	3,602,986
	After distribution	1,600,067	1,895,416	2,087,179	2,298,776	Undistributed	Undistributed
Other components of equity		(94,971)	(80,279)	(50,120)	(17,032)	(28,510)	(16,808)
Treasury stock		(21,248)	(21,248)	(21,248)	(21,248)	(21,248)	(21,248)
Non-controlling interest		-	-	-	62,039	55,263	53,588
Total equity	Before distribution	4,372,385	4,688,556	5,038,876	5,442,153	5,722,481	5,952,273
	After distribution	3,786,414	4,102,585	4,331,288	4,646,117	Undistributed	Undistributed

Taiwan Sakura Corporation and Subsidiaries

Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years					Financial data as of 31/03/2023 (reviewed by Independent Auditors)
	2018	2019	2020	2021	2022	
Operating revenue	5,986,090	6,298,976	6,628,124	7,569,362	8,212,862	1,942,863
Gross profit	2,037,477	2,244,180	2,441,967	2,688,819	2,737,366	677,121
Operating income	829,570	957,523	1,065,095	1,160,206	1,111,612	259,010
Non-operating income and expenses	162,932	102,362	59,520	90,386	162,221	20,903
Income before tax	992,502	1,059,885	1,124,615	1,250,592	1,273,833	279,913
Income from continuing operations, net of tax	799,663	888,718	892,567	1,007,943	1,009,453	216,897
Loss from discontinuing operations	-	-	-	-	-	-
Net income	799,663	888,718	892,567	1,007,943	1,009,453	216,897
Total other comprehensive income (loss), net of tax	(31,608)	7,294	36,943	30,206	57,931	11,702
Total comprehensive income	768,055	896,012	929,510	1,038,149	1,067,384	228,599
Net income attributable to shareholders of the parent	799,663	888,718	892,567	1,010,345	1,018,940	218,572
Net income attributable to non-controlling interest	-	-	-	(2,402)	(9,487)	(1,675)
Comprehensive income attributable to shareholders of the parent	768,055	896,012	929,510	1,040,721	1,074,160	230,274
Comprehensive income attributable to non-controlling interest	-	-	-	(2,572)	(6,776)	(1,675)
Earnings per share (NT\$)	3.65	4.06	4.08	4.62	4.66	1.00

Taiwan Sakura Corporation

Condensed Parent Company Only Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					Financial data as of 31/03/2023 (reviewed by Independent Auditors)
		2018	2019	2020	2021	2022	
Current assets		2,541,196	2,926,663	3,348,233	3,558,108	3,732,655	N/A
Property, plant and equipment		1,092,501	1,123,135	1,335,920	1,715,174	1,753,311	
Intangible assets		16,959	12,558	27,350	21,370	16,778	
Other assets		2,609,037	2,624,710	2,584,295	2,623,347	2,847,561	
Total assets		6,259,693	6,687,066	7,295,798	7,917,999	8,350,305	
Current liabilities	Before distribution	1,733,405	1,889,536	2,128,025	2,385,898	2,398,401	
	After distribution	2,319,376	2,475,507	2,835,613	3,181,934	Undistributed	
Non-current liabilities		153,903	108,974	128,897	151,987	284,686	
Total liabilities	Before distribution	1,887,308	1,998,510	2,256,922	2,537,885	2,683,087	
	After distribution	2,473,279	2,584,481	2,964,510	3,333,921	Undistributed	
Equity attributable to the parent company		4,372,385	4,688,556	5,038,876	5,380,114	5,667,218	
Common stock		2,211,212	2,211,212	2,211,212	2,211,212	2,211,212	
Additional paid-in capital		91,354	97,484	104,265	112,370	121,350	
Retained earnings	Before distribution	2,186,038	2,481,387	2,794,767	3,094,812	3,384,414	
	After distribution	1,610,067	1,895,416	2,087,179	2,298,776	Undistributed	
Other components of equity		(94,971)	(80,279)	(50,120)	(17,032)	(28,510)	
Treasury stock		(21,248)	(21,248)	(21,248)	(21,248)	(21,248)	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	4,372,385	4,688,556	5,038,876	5,380,114	5,667,218	
	After distribution	3,786,414	4,102,585	4,331,288	4,584,078	Undistributed	

Taiwan Sakura Corporation

Condensed Parent Company Only Statement of Comprehensive Income

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					Financial data as of 31/03/2023 (reviewed by Independent Auditors)
		2018	2019	2020	2021	2022	
Operating revenue		5,675,667	5,958,304	6,245,503	7,013,146	7,571,601	N/A
Gross profit		1,837,612	2,012,040	2,182,573	2,359,020	2,379,287	
Operating income		792,529	905,950	1,037,150	1,097,333	1,066,056	
Non-operating income and expenses		185,849	136,346	64,791	128,532	188,998	
Income before tax		978,378	1,042,296	1,101,941	1,225,865	1,255,054	
Income from continuing operations, net of tax		799,663	888,718	892,567	1,010,345	1,018,940	
Loss from discontinuing operations		-	-	-	-	-	
Net income		799,663	888,718	892,567	1,010,345	1,018,940	
Total other comprehensive income (loss), net of tax		(31,608)	7,294	36,943	30,376	55,220	
Total comprehensive income		768,055	896,012	929,510	1,040,721	1,074,160	
Net income attributable to shareholders of the parent		799,663	888,718	892,567	1,010,345	1,018,940	
Net income attributable to non-controlling interest		-	-	-	-	-	
Comprehensive income attributable to shareholders of the parent		768,055	896,012	929,510	1,040,721	1,074,160	
Comprehensive income attributable to non-controlling interest		-	-	-	-	-	
Earnings per share (NT\$)		3.65	4.06	4.08	4.62	4.66	

(II) Auditors' Name and Opinion for the Last Five Years

Opinions Year	CPA Firm	CPA's Name	Audit Opinion
2018	Ernst & Young	Chin-Yuan Tu, Wen-Pi Yen	Unqualified opinion (Unqualified opinion, and Other Matter Paragraphs)
2019	Ernst & Young	Chin-Yuan Tu, Yu-Ting Huang	Unqualified opinion (Unqualified opinion, and Other Matter Paragraphs)
2020	Ernst & Young	Chin-Yuan Tu, Yu-Ting Huang	Unqualified opinion (Unqualified opinion, and Other Matter Paragraphs)
2021	Ernst & Young	Yu-Ting Huang, Tzu-Ping Huang	Unqualified opinion (Unqualified opinion, and Other Matter Paragraphs)
2022	Ernst & Young	Yu-Ting Huang, Tzu-Ping Huang	Unqualified opinion (Unqualified opinion, and Other Matter Paragraphs)

II. Five-Year Financial Analysis

(I) Financial Analysis

Taiwan Sakura Corporation and Subsidiaries Consolidated Financial Statements Analysis

Item		Year	Five-Year Financial Summary					Financial data as of 31/03/2023
		2018	2019	2020	2021	2022		
Financial structure (%)	Debt ratio	31.21	31.52	32.84	34.26	34.15	30.69	
	Ratio of long-term capital to property, plant and equipment	334.28	355.80	331.58	291.55	307.68	319.29	
Solvency (%)	Current ratio	181.19	172.95	171.90	168.96	181.19	201.79	
	Quick ratio	151.24	144.29	141.23	131.54	135.81	155.31	
	Interest earned ratio (times)	1,054.61	1,641.69	773.40	468.16	261.28	162.80	
Operating performance	Accounts receivable turnover (times)	5.34	5.57	5.79	6.20	6.66	7.12	
	Average collection period	68.35	65.52	63.03	58.87	54.80	51.26	
	Inventory turnover (times)	7.70	7.68	6.95	6.02	5.17	4.60	
	Accounts payable turnover (times)	3.73	3.58	3.43	3.59	3.83	3.92	
	Average days in sales	47.40	47.52	52.51	60.63	70.59	79.34	
	Property, plant and equipment turnover (times)	4.42	4.62	4.21	3.90	4.17	3.92	
	Total assets turnover (times)	0.96	0.95	0.92	0.95	0.96	0.88	
Profitability	Return on total assets (%)	12.91	13.46	12.45	12.83	12.05	10.16	
	Return on stockholders' equity (%)	18.75	19.61	18.35	19.27	18.25	14.96	
	Pre-tax income to paid-in capital (%)	44.88	47.93	50.85	56.55	57.60	50.60	
	Profit ratio (%)	13.35	14.10	13.46	13.34	12.40	11.24	
	Earnings per share (NT\$)	3.65	4.06	4.08	4.62	4.66	1.00	
Cash flow	Cash flow ratio (%)	34.37	60.29	58.67	34.71	34.71	28.96	
	Cash flow adequacy ratio (%)	117.39	131.80	137.44	109.99	108.57	113.50	
	Cash reinvestment ratio (%)	1.29	12.82	14.33	3.69	2.08	2.59	
Leverage	Operating leverage	2.65	2.51	2.44	2.46	2.63	2.78	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	1.01	
Analysis of financial ratio change for the last two years. (If the difference does not exceed 20%, the analysis is not required.)								
1. The decrease in interest coverage ratio: Primarily due to an increase of NT\$2,217 thousands in interest expenses in the fiscal year 2022.								
2. The decrease in cash reinvestment ratio: Primarily due to an increase of NT\$87,523 thousands in cash dividend payments and an increase of NT\$28,536 thousands in net property, plant, and equipment.								

Taiwan Sakura Corporation

Parent Company Only Financial Statements Analysis

Item		Year	Five-Year Financial Summary					Financial data as of 31/03/2023
			2018	2019	2020	2021	2022	
Financial structure (%)	Debt ratio		30.15	29.88	30.93	32.05	32.13	N/A
	Ratio of long-term capital to property, plant and equipment		414.30	427.15	386.83	322.53	339.46	
Solvency (%)	Current ratio		146.60	154.88	157.33	149.13	155.63	
	Quick ratio		117.42	127.24	127.15	112.16	111.07	
	Interest earned ratio (times)		1,049.64	1,842.51	1,678.23	1,601.35	632.63	
Operating performance	Accounts receivable turnover (times)		5.19	5.42	5.60	6.01	6.49	
	Average collection period		70.32	67.34	65.17	60.73	56.24	
	Inventory turnover (times)		8.14	8.11	7.31	6.29	5.45	
	Accounts payable turnover (times)		3.74	3.61	3.45	3.60	3.84	
	Average days in sales		44.84	45.00	49.93	58.02	66.97	
	Property, plant and equipment turnover (times)		5.19	5.30	4.67	4.08	4.31	
	Total assets turnover (turns)		0.92	0.92	0.89	0.92	0.93	
Profitability	Return on total assets (%)		13.09	13.73	12.77	13.29	12.54	
	Return on stockholders' equity (%)		18.75	19.61	18.35	19.39	18.44	
	Pre-tax income to paid-in capital (%)		44.24	47.13	49.83	55.43	56.75	
	Profit ratio (%)		14.08	14.91	14.29	14.40	13.45	
	Earnings per share (NT\$)		3.65	4.06	4.08	4.62	4.66	
Cash flow	Cash flow ratio (%)		36.55	49.10	49.07	38.87	37.9	
	Cash flow adequacy ratio (%)		122.31	122.50	122.37	98.33	93.85	
	Cash reinvestment ratio (%)		1.26	6.96	8.63	3.81	1.8	
Leverage	Operating leverage		2.51	2.40	2.26	2.31	2.41	
	Financial leverage		1.00	1.00	1.00	1.00	1.00	
Analysis of financial ratio change for the last two years. (If the difference does not exceed 20%, the analysis is not required.)								
1. Decrease in interest coverage ratio: The main reason for the increase of \$1,221 thousands in interest expenses is due to the fiscal year 2022.								
2. Decrease in cash reinvestment ratio: The decrease is mainly due to an increase of NT\$88,448 thousands in cash dividends and an increase of \$38,137 thousands in net value of property, plant and equipment								

Formulas for the financial ratios are as follows:

1. Financial Structure analysis
 - (1) Debt ratio = $\text{Total liabilities} / \text{Total assets}$
 - (2) Long-term funds to property, plant and equipment = $(\text{Total equity} + \text{Non-current liabilities}) / \text{Net Fixed Assets}$
2. Liquidity analysis
 - (1) Current ratio = $\text{Current assets} / \text{Current liability}$
 - (2) Quick ratio = $(\text{Current assets} - \text{Inventories} - \text{Prepaid expenses}) / \text{Current liability}$
 - (3) Times interest earned = $\text{Profit before credit for income tax} / \text{Current interest expense}$
3. Operating performance analysis
 - (1) Average collection turnover (including Accounts receivable and Notes receivable from operation) = $\text{Sales} / \text{Average trade receivables}$
 - (2) Days to collect accounts receivable = $365 / \text{Average collection turnover}$
 - (3) Average inventory turnover = $\text{Cost of goods sold} / \text{Average inventories}$
 - (4) Average payment turnover (including Accounts payable and Notes payable from operation) = $\text{Operating costs} / \text{Average trade payables}$
 - (5) Average days to sell inventory = $365 / \text{Average inventory turnover}$
 - (6) Fixed Assets turnover = $\text{Sales} / \text{Average Fixed Assets, net}$
 - (7) Total assets turnover = $\text{Sales} / \text{Average total assets}$
4. Return on investment analysis
 - (1) Rate of return on assets = $[\text{Profit} + \text{Interest expense} \times (1 - \text{Tax rate})] / \text{Average assets}$
 - (2) Rate of return on equity = $\text{Profit} / \text{Average total Equity}$
 - (3) Profit to sales = $\text{Profit} / \text{Sales}$
 - (4) Earnings per share = $(\text{Equity attributable to owners of parent} - \text{Dividend-preferred stock}) / \text{Weighted average outstanding shares}$
5. Cash flow
 - (1) Cash flow ratio = $\text{Net cash provided by operating activities} / \text{Current liability}$
 - (2) Cash flow adequacy ratio = $5\text{-year net cash provided by operating activities} / 5\text{-year (Capital expense} + \text{Increase in inventories} + \text{Cash dividend})$
 - (3) Cash flow reinvestment ratio = $(\text{Net cash provided by operating activities} - \text{Cash dividend}) - (\text{Fixed Assets, net} + \text{Long-term investments} + \text{Other non-current assets} + \text{Operating Capital})$
6. Leverage
 - (1) Operating Leverage = $(\text{Net sales} - \text{Variable cost}) / \text{Operating income}$
 - (2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expenses})$

III. Audit Committee's Review Report on the Most Recent Year Financial Statements

Audit Committee's Review Report

The Board of Directors of the Company has prepared the 2022 Business Report, Consolidated and Parent Company Only Financial Statements, which have been audited by Ernst & Young, Taiwan along with the accompanying Independent Auditor's Report. The aforesaid Business Report, Financial Statements and Proposal of Earnings Distribution have been audited by us, the Audit Committee of the Company, and we found no inconsistencies in these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

Taiwan Sakura Corporation

Audit Committee Representative: Jyh-Ren Chen

14 March 2023

IV. Consolidated Financial Statements Audited by CPAs in the Most Recent Year:

Please refer to Appendix I (page 142~ page 241).

V. Parent Company Only Financial Statements Audited by CPAs in the Most Recent Year:

Please refer to Appendix II (page 242~ page 337).

VI. Impact on the company's financial situation if the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Chapter 7 Review and Analysis of Financial Conditions, Financial Performance, and Risks

I. Analysis of Financial Status (IFRS)

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Current assets	4,447,682	4,789,280	341,598	7.68
Property, plant and equipment	1,936,962	1,965,498	28,536	1.47
Intangible assets	165,402	154,315	(11,087)	(6.70)
Other assets	1,729,500	1,781,754	52,254	3.02
Total assets	8,279,546	8,690,847	411,301	4.97
Current liabilities	2,632,275	2,643,209	10,934	0.42
Non-current liabilities	205,118	325,157	120,039	58.52
Total liabilities	2,837,393	2,968,366	130,973	4.62
Common stock	2,211,212	2,211,212	-	-
Additional paid-in capital	112,370	121,350	8,980	7.99
Retained earnings	3,094,812	3,384,414	289,602	9.36
Other equity	(17,032)	(28,510)	(11,478)	(67.39)
Treasury stock	(21,248)	(21,248)	-	-
Total equity	5,442,153	5,722,481	280,328	5.15
Analysis of significant changes in the last two years				
1) Increase in non-current liabilities: The main reason for the increase of \$126,196 thousands in non-current lease liabilities was mainly due to the addition of a Taipei operations center and an experience center.				
2) Decrease in other equity: The main reason for the increase of \$19,552 thousands in Unrealised gains from investments in equity instruments and increase of \$17,775 thousands in exchange differences on translation of foreign financial statements is due to the appreciation of the USD against the NTD in the current year. Additionally, during the current year, there was a disposal of equity investments measured at fair value through other comprehensive income, which resulted in an unrealized gain of \$48,805 thousands that was transferred from other comprehensive income to retained earnings.				

II. Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference	Percentage change (%)
Operating revenues	7,569,362	8,212,862	643,500	8.50
Operating costs	4,880,543	5,475,496	594,953	12.19
Gross profit	2,688,819	2,737,366	48,547	1.81
Operating expenses	1,528,613	1,625,754	97,141	6.35
Operating income	1,160,206	1,111,612	(48,594)	(4.19)
Non-operating income and expenses	90,386	162,221	71,835	79.48
Income from continuing operations before income tax	1,250,592	1,273,833	23,241	1.86
Income tax expense	242,649	264,380	21,731	8.96
Income from continuing operations, net of tax	1,007,943	1,009,453	1,510	0.15
Total other comprehensive income (loss), net of tax	30,206	57,931	27,725	91.79
Total comprehensive income	1,038,149	1,067,384	29,235	2.82

(I) Analysis of significant changes in financial ratios in the last two years:

1. 1. Increase in non-operating income and expenses: The appreciation of the USD to TWD exchange rate this year resulted in a foreign exchange gain of \$58,257 thousands. Additionally, there was a reversal of impairment loss of \$11,149 thousands from investment properties, which was not present last year.
2. Increase in other comprehensive income and expense: The appreciation of the USD to TWD exchange rate this year resulted in an increase of \$ 25,836 thousands in exchange differences of the financial statements of overseas operating entities, an increase of \$25,758 thousands in the remeasurement of defined benefit plans, and a decrease of \$18,716 thousands in unrealized gains on equity investments measured at fair value through other comprehensive income, due to the disposal of such investments, which was not present last year.

(II) Expected sales volume and basis for estimates and their impact on the Company's future business and responsive measures:

Please refer to Chapter 1 of this Annual Report and Shareholders' Meeting Handbook – “2023 Business Plan Summary”.

III. Analysis of Cash Flow

(1) Remedy for cash deficit and liquidity analysis:

Item \ Year	2021	2022	Increase or decrease ratio (%)
Cash flow ratio	34.71	34.71	-
Net cash flow adequacy ratio	109.99	108.57	(1.29)
Cash reinvestment ratio	3.69	2.08	(43.63)
Explanation: Decrease in cash reinvestment ratio: Increase in cash dividends of NT\$87,523 thousands.			

(2) Improvement plan for insufficient liquidity: Not applicable.

(3) Cash flow analysis for the coming year:

Unit: NT\$ thousands

Cash balance at the beginning of the period (1)	Net cash provided by operating activities throughout the year (2)	Cash outflow of the year (3)	Cash surplus (deficit) amount (1) + (2) - (3)	Remedial measures for insufficient cash	
				Investment plans	Financial plans
2,036,762	1,153,132	1,195,422	1,994,472	-	-
1. Operating activities: It is expected that the operating income will grow steadily in the coming year and the account recovery will be good, resulting in cash inflows. 2. Investing activities: It is expected that the acquisition of property, plant and equipment will result in cash outflow in the coming year. 3. Financing activities: Cash dividends are expected to be distributed in the coming year to result in cash outflows.					

IV. Major Capital Expenditure Items:

In response to the future growth demand of our company's overall kitchen business, we have commissioned Fung Ze Engineering Co., Ltd. to construct a factory building on our self-owned land in Wufu N. Rd., Wufeng Dist., Taichung City. The construction project is priced at \$ 540 million and commenced in March 2023. It is expected to be completed by the third quarter of 2024.

V. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year:

(1) Reinvestment Policy

The Company conducts a detailed evaluation of the organization type, location, and market conditions of the businesses to be reinvested for investment purposes based on factors such as operational needs and future development and executes investment-related matters in accordance with the Company's internal control and related practices.

(2) Latest investment gain or loss

Unit: NT\$ thousands

Name of investee company	Amount of original investment	Investment (loss) recognized in 2022
SAKURA Home Collection Co., Ltd.	250,000	(50,134)
Mekong Trading Corporation.	USD2,837,166	(11,591)

(3) Main Reasons for Gain or Loss from Reinvestment, Improvement Plans and Investment Plans for the Coming Year

SAKURA Home Collection Co., Ltd. was established in November 2019 as a new business in the field of decoration. The first flagship store has been officially operated in May 2020. The Group's existing customer base and customized services were the principal axes at the beginning of the establishment, which were well received by the market and consumers upon launch.

In Vietnam, the Company's agent for brand sales and authorized local production is Mekong Trading Corporation. For more than 20 years, it has been deeply involved in Vietnam. In July 2021, the Company acquired 54.99 % of the equity and switched from OEM to direct sales. Vietnam has over 97 million people, with an average age of about 32 years. The company benefits from the demographic dividend. Vietnam's economy has grown steadily by about 7% in recent years. The demographic dividend has the potential to create a massive domestic demand market. Another competitive advantage is the introduction of after-sales service into the Vietnamese market.

However, the impact of COVID-19 in the previous year, the global economic recession, the rise in unemployment, and unpaid leave have had a significant impact on economic activities in the domestic and Vietnamese markets. Consumer spending on durable goods has been delayed, negatively impacting overall performance. With the advent of the post-pandemic era, vaccines became more popular, oral drugs became available, and the world entered a peaceful coexistence with the virus. The economy will gradually recover in the future, and real estate will take off rapidly, propelling the explosive growth of surrounding related industries. It is expected that the Company's business will bring substantial profits to the Group in the future.

VI. Analysis of Risk Management:

- (1) Effects of changes in interest rates, foreign exchange rates and inflation on the Company's profit and loss and future response measures:

Unit: NT\$ thousands

Item	2022	
	Amount	Net operating income ratio (%)
Net interest gain (loss)	9,181	0.112%
Exchange rate gain (loss), net	50,649	0.617%

1. Interest rate: The borrowings of the Group are all required for short-term financing. The borrowing rate varies according to different currencies, but the amount is not material. Therefore, there is no risk that the future cash flow will fluctuate due to changes in market interest rates.
 2. Exchange rate: The Group's exchange rate risk is mainly related to operating activities (when the currency used for income or expenses is different from the functional currency of the Group) and the net investment of foreign operating institutions. The Group's fund operators are always aware of the trends and changes in the major currencies of the international currency market in order to comprehend the exchange rate trend. They also maintain a good interaction with banks to obtain a wider range of foreign exchange information and better exchange rate quotes.
 3. Inflation: There is no significant impact on the Company's profit or loss.
- (2) Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions:
- The Company has never engaged in high-risk or high-leveraged investment transactions. The relevant funds lending to others, endorsement guarantees and derivative commodity transactions are based on the policies and response measures set out in the “Operational Procedures for Loaning Funds to Others”, “Operational Procedures Governing Endorsement and Guarantees”, and “Operational Procedures Governing the Acquisition and Disposal of Assets”.
- (3) Future R&D plans and estimated R&D expenditures:
- The Company will continue to develop high-tech, high-safety and high value-added products based on the technical expertise of gas kitchen appliances to meet the needs of consumers and to maintain the Company's niche in the industry as a leading brand. It is estimated that the research and development costs to be invested next year will be approximately NT\$ 100,864 thousands.
- (4) The impact of important policies and legal changes both domestically and internationally on the Company's financial operation and the corresponding measures:
- The Company has complied with amendments to the relevant corporate governance and securities supervision regulations made by competent authorities, and there has not been any significant impact on the Company's financial operation.
- (5) The impact of changes in technology and industry on the Company's financial operation and the corresponding response measures: None.
- (6) The impact of changes in corporate image on corporate crisis management and the corresponding response measures:
- The Company has always adhered to the professional and honest business principles, paying attention to corporate image and risk control. There is no foreseeable crisis at the current stage.
- (7) Expected benefits from, possible risks relating to and corresponding response measures for merger and acquisition plans: Not applicable.

- (8) Expected Benefits, Potential Risks, and Mitigation Measures of Expanding Factory Space:
1. The construction of the Wufeng plant's new factory building is primarily in response to the overall growth in kitchen business demand. It is being built through self-development on company-owned land to establish an automated production base for modular kitchen equipment. The total floor area of the new facility is approximately 7,148 ping. Construction began in March of 2022, and it is expected to be completed in the third quarter of 2024. After completion, the annual production capacity of modular kitchen equipment is expected to increase from the current 30,000 to 40,000 sets to 50,000 to 70,000 sets, with the potential to save up to NT\$7.8 million in annual warehouse rental costs.
 2. The risks associated with the construction of the new factory building in the Wufeng plant primarily include the increase in raw material prices, labor shortages, and potential delays in the construction progress. To mitigate these risks, the company has adopted a lump-sum contract approach to fix the total project cost. Additionally, the construction contract includes provisions related to liquidated damages in case of project delays.
- (9) Risks relating to and response measures for the excessive concentration of incoming goods or sales: Not applicable.
- (10) Effects of, risk relating to and response measures for large share transfers or changes in shareholdings by Directors, supervisors or major shareholders with shareholding of over 10%: Not applicable.
- (11) Effects of, risk relating to and response measures for changes in management rights: Not applicable.
- (12) Litigation or non-litigation matters shall state that the Company and the Company's directors, supervisors, principals, person with actual responsibility for the firm, major shareholders with a shareholding ratio of more than 10% and subordinate companies have been charged or are still in a major lawsuit, non-litigation or administrative dispute cases. The result may have a material impact on the shareholders' equity or the price of the securities. The facts, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings and the date of publication of the annual report shall be disclosed: Not applicable.
- (13) Other major risks and response measures:

The organizational structure of the Company's risk management

1. Finance:

- (1) Corporate capital security and capital interest rate risk avoidance
 - A. Regularly conduct cash and marketable securities inventory, abnormal tracking to improve capital revenue and increase profitability, avoid external crises that cause shrinkage of corporate assets.
 - B. According to the SOP hierarchy authorization approval, through the ERP system encryption after the use of electronic banking payments to strengthen payment security.
 - C. Regularly review the optimal cash and capital structure, carry out capital planning to achieve the optimal cash size.

- (2) Corporate Exchange Risk Avoidance
 - A. The Company monitors daily changes in foreign currency sites, revenue achievement rates, and inventory growth and decline.
 - B. Establish foreign exchange position forecast for hedging.
 - C. Clearly grasp the net amount of foreign currency assets and liabilities offset to reduce operational risks caused by exchange rate fluctuations.
- (3) Corporate property security and liability risk hedge
 - A. Take out appropriate insurance for property and transfer the risk to the insurance company.
 - B. Conduct regular risk courses for property risk, cargo transportation, product liability and other risk control to ensure that relevant departments and plants fully grasp the sources of risk and eliminate risks early to reduce possible losses.
 - C. Conduct regular surveys on cargo transportation, product liability and plant safety.
- (4) Corporate accounts receivable security and customer credit risk avoidance
 - A. Credit management is carried out by acquiring credit information from customers and understanding their industry characteristics.
 - B. Regularly review customers' credit limits and payment terms to reduce exposure and optimize payment terms.
 - C. Regular credit risk education and training courses are held to strengthen risk management awareness for employees.

2. Operation Management

According to the Company's overall development strategy, assisting the operating units in long-term and annual target planning, constructing an internal management information system to help the management effectively grasp the important key factors and possible risks affecting operational performance, conducting appropriate resource allocation and control to optimize the overall group's operating results.

3. Legal Affairs

Legal Affairs is responsible for legal risk assessment, including: identifying contract risks, recommending control measures through contract review procedures; providing legal advice and handling recommendations on internal systems, compliance with laws and regulations, disputes, mergers and acquisitions, intellectual property rights management to reduce the overall legal risk of the Company.

4. Auditing

Prepare and execute annual audit plans based on risk assessment results, evaluate the effectiveness of the design and implementation of internal control systems, assist risk management organizations and operating units in designing control operations based on risk management.

5. Human Resources

Responsible for human resources management and development, planning human resources policies and implementation, conducting regular manpower inventory and audit, planning and implementing employee education, training and development plans, designing competitive compensation and employee welfare measures, complete training and talent development plans, employee personal data protection and control, etc. to reduce various human resources risks that may cause damage to the enterprise.

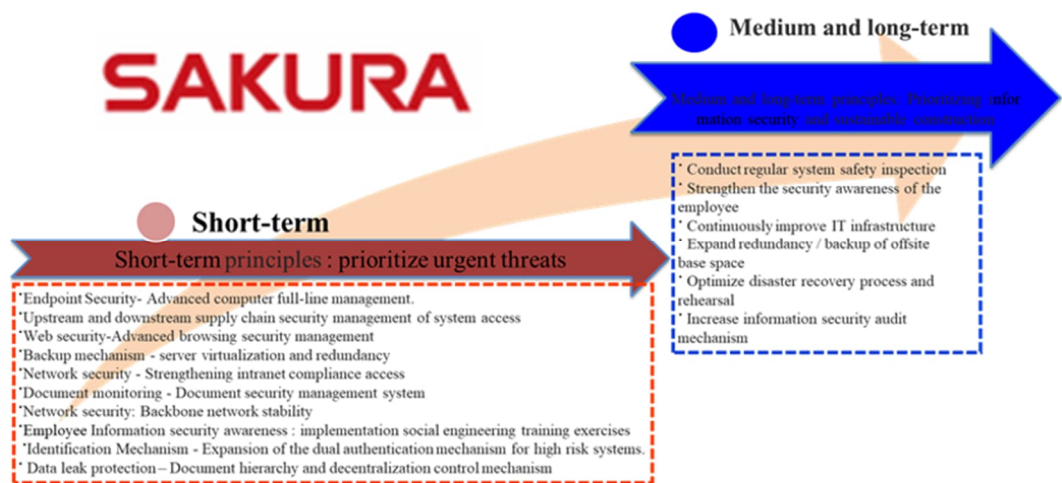
6. Information Security:

(1) The target and scope of information security

Employees, customers, suppliers, shareholders, and operation-related information hardware and software equipment are among the target audiences.

To ensure the security of the Company's information systems, the Company implements network and system information security control and protection measures, establishes relevant regulations and systems, as well as applies technical and data security standards to protect the privacy and information security of employees, suppliers, and customers in business transactions, while improving decision-making quality and lowering operational and information security risks.

(2) Information Security management plan:



(3) Information Security management measures please refer Page 118.

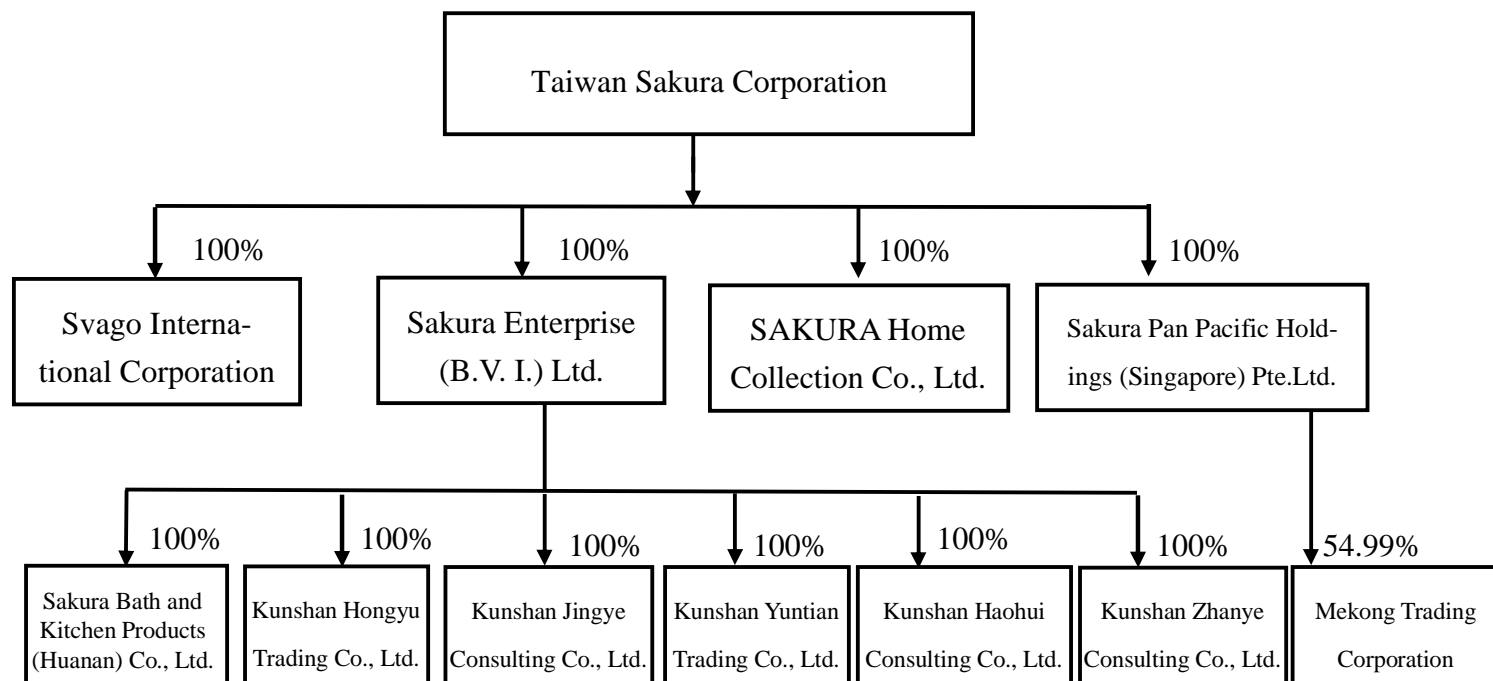
VII. Other Important Matters: None.

Chapter 8 Special Disclosure

I. Summary of Affiliated Companies

(I) Summary of Affiliated Companies

1. Organizational chart of the affiliates



2. Basic information on affiliates

Company Name	Date of Incorporation	Address	Capital Stock	Business Activities
Sakura Enterprise (B.V. I.) Ltd.	21/01/1994	3340 Albert Building, Central Avenue, British Virgin Islands	US\$ 17,153,171	Investment company
Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	04/11/2020	80 ROBINSON ROAD #02-00 SINGAPORE	USD 4,000,000	Holding company
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	07/12/1998	No. 2, South Ronggui Avenue, Shunde District, Foshan City, Guangdong Province	US\$ 14,000,000	Kitchen appliances and real estate leasing industry
Svago International Corporation	22/12/1998	No. 33, Section 4, Yatan Road, Daya District, Taichung City	NT\$ 119,597,500	Gas equipment, parts trading and leasing industry
SAKURA Home Collection Co., Ltd.	15/11/2019	3F., No. 436, Sec. 4, Yatan Rd., Daya Dist., Taichung City	NT\$ 250,000,000	Interior design and decoration
Kunshan Hongyu Trading Co., Ltd.	28/08/2007	No. 1 Qingyang South Road, Kunshan Development Zone, Jiangsu Province	US\$ 111,159	Household appliances, electronic products, communication equipment
Kunshan Jingye Consulting Co., Ltd.	28/08/2007	No. 1 Qingyang South Road, Kunshan Development Zone, Jiangsu Province	US\$ 68,977	Corporate investment, management consulting services
Kunshan Yuntian Trading Co., Ltd.	28/08/2007	No. 1 Qingyang South Road, Kunshan Development Zone, Jiangsu Province	US\$ 58,961	Household appliances, electronic products, communication equipment
Kunshan Haohui Consulting Co., Ltd.	28/08/2007	No. 1 Qingyang South Road, Kunshan Development Zone, Jiangsu Province	US\$ 56,681	Corporate image, corporate marketing, exhibition planning consultation
Kunshan Zhanye Consulting Co., Ltd.	07/09/2007	No. 1 Qingyang South Road, Kunshan Development Zone, Jiangsu Province	RMB\$ 100,000	Business information consulting service
Mekong Trading Corporation.	06/06/1992	No.30 Tra Luong Street, Ward 2, Tan Binh District, Ho Chi Minh City	VND36,880,000,000	Sale and purchase of gas equipment and parts

3. Presumed to have the same shareholder information for those with control and affiliation: None.
4. The industry of which the overall affiliated enterprise is operating in:
The business activities of the Company and affiliates include the manufacturing and trading of kitchen appliances (gas stove, range hood, dish dryer, water filter), water heater and cabinet of kitchen system, as well as the trading of other kitchen electrical appliances.
5. Information on the directors, supervisors and principles of affiliated companies

31 December 2022

Company	Title	Name or Representative	Shareholding	
			Shares	%
Sakura Enterprise (B.V. I.) Ltd.	Director	Chung-Shi Chang	17,153,171	100%
	Director	Yung-Chieh Chang		
	Director	Yuo-Tu Lin		
Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	Director	Chung-Shi Chang	Capital US\$ 4,000,000	100%
	Director	Yung-Chieh Chang		
	Director	Tzu-Ping Huang		
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	Chairman	Sakura Enterprise (B.V. I.) Ltd. Representative: Yung-Chieh Chang	Capital US\$ 14,000,000	100%
	Director	Chung-Shi Chang		
	Director	Hung-Chi Lai		
Svago International Corporation	Chairman	Taiwan Sakura Corporation Representative: Yung-Chieh Chang	11,959,750	100%
	Director	Taiwan Sakura Corporation Representative: Yong-Cheng Chang		
	Director	Taiwan Sakura Corporation Representative: Yuo-Tu Lin		
	Supervisor	Taiwan Sakura Corporation Representative: Hui-Hsun Lee		
SAKURA Home Collection Co., Ltd.	Chairman	Taiwan Sakura Corporation Representative: Yung-Chieh Chang	25,000,000	100%
	Director	Taiwan Sakura Corporation Representative: Yuo-Tu Lin		
	Director	Taiwan Sakura Corporation Representative: Hui-Hsun Lee		
	Supervisor	Taiwan Sakura Corporation Representative: Tsung-Nan Hsieh		
Kunshan Hongyu Trading Co., Ltd.	Chairman	Sakura Enterprise (B.V. I.) Ltd. Representative: Chung-Shi Chang	Capital US\$ 111,159	100%
Kunshan Jingye Consulting Co., Ltd.	Chairman	Sakura Enterprise (B.V. I.) Ltd. Representative: Chung-Shi Chang	Capital US\$ 68,977	100%
Kunshan Yuntian Trading Co., Ltd.	Chairman	Sakura Enterprise (B.V. I.) Ltd. Representative: Chung-Shi Chang	Capital US\$ 58,961	100%
Kunshan Haohui Consulting Co., Ltd.	Chairman	Sakura Enterprise (B.V. I.) Ltd. Representative: Chung-Shi Chang	Capital US\$ 56,681	100%
Kunshan Zhanye Consulting Co., Ltd.	Chairman	Sakura Enterprise (B.V. I.) Ltd. Representative: Chung-Shi Chang	Capital RMB\$ 100,000	100%
Mekong Trading Corporation	Director	Taiwan Sakura Corporation Representative: Yuo-Tu Lin	Capital USD2,837,166	54.99%
	Director	Taiwan Sakura Corporation Representative: Hung-Chi Lai		
	Supervisor	Taiwan Sakura Corporation Representative: Cheng-Hsun Tsai		
	Supervisor	Taiwan Sakura Corporation Representative: Hsia-Chih Liu		

6. Operational highlights of subsidiaries

Unit: NT\$ thousands; Date: 31 Dec. 2022

Company Name	Common Stock	Assets	Liabilities	Net Worth	Net Revenue	Income from Operation	Net Income	Basic Earnings Per Share
Sakura Enterprise (B. V. I.) Ltd.	508,951	1,641,495	7,481	1,634,014	-	(14,664)	104,441	2.05
Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	113,524	101,486	616	100,870	-	(1,324)	(9,423)	N/A
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	429,912	418,139	6,411	411,728	71,071	38,646	31,243	N/A
Svago International Corporation	119,597	562,622	186,707	375,915	737,930	86,348	79,148	6.62
SAKURA Home Collection Co., Ltd.	250,000	236,815	129,148	107,667	71,972	(43,743)	(50,134)	(2.01)
Kunshan Hongyu Trading Co., Ltd.	3,413	10,543	-	10,543	-	652	652	N/A
Kunshan Jingye Consulting Co., Ltd.	2,118	6,432	-	6,432	-	395	395	N/A
Kunshan Yuntian Trading Co., Ltd.	1,811	5,699	-	5,699	-	347	347	N/A
Kunshan Haohui Consulting Co., Ltd.	1,741	5,413	-	5,413	-	311	311	N/A
Kunshan Zhanye Consulting Co., Ltd.	442	718	-	718	-	27	27	N/A
Mekong Trading Corporation	44,480	121,587	57,243	64,344	137,639	(12,839)	(13,963)	N/A

(2) Consolidated financial statements of affiliated companies

Statement

For the year ended 31 December 2022 (from 1 January 2022 to 31 December 2022), pursuant to “Criteria Governing Preparation of Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and Affiliation Reports,” the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standards 10. In addition, information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Hereby declare

Taiwan Sakura Corporation

Chairman: Yung-Chieh Chang

14 March 2023

(3) The related party report :Please refer to Appendix I (Page 142-241)

II. Private Placement Securities in the Most Recent Year and to the Publication Date of the Annual Report: None.

III. Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year and to the Publication Date of the Annual Report:

Subsidiary Name	Paid-in Capital	Sources of Capital	Shareholding Percentage of the Company	Date Acquired or Disposed of	Number and Amount of Shares Acquired)	Number and Amount of Shares Disposed of	Profit and Loss of Investment	Number and Amount of Shares Held up to the Publication Date of this Report	Status and Stock Pledge	Amount Guaranteed and Endorsed for Subsidiaries Provided by the Company	Amount of Capital Lent to Subsidiaries Provided by the Company
Svago International Corporation	119,597	Working capital	100%	—	—	—	—	2,312,932 shares \$119,810	0	\$30,000	—

IV. Special Notes: None.

V. Any Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

(Appendix I)

Taiwan Sakura Corporation and Subsidiaries

Consolidated Financial Statements
With Independent Auditors' Report

For The Years Ended
31 December 2022 And 2021

Address: No. 436, Section 4, Yatan Road, Daya District, Taichung City

Company phone number: (04) 25666106

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Independent Auditors' Report

To Taiwan Sakura Corporation:

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan Sakura Corporation (the “Company”) and its subsidiaries as of 31 December 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2022 and 2021, and their consolidated financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 judgement, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Income recognition

The Company and its subsidiaries recognized operating income of NT\$8,212,862 thousand in 2022. The main products are gas cookers, water heaters and kitchen appliances. The main trading partners of the company are dealers and retailers. The transactions are frequent and of great volume, and the number of contract types is numerous. The judgement and decision on the performance obligation and the time of satisfaction are important to the consolidated financial statements. Therefore, we determined it as a key audit matter. Our audit procedures include, but are not limited to, understanding and testing of the effectiveness of the Company and the subsidiaries' internal control related to income recognition in the sales cycle; selecting samples to perform test of details of transactions and reviewing the revenue recognition requirements in the orders or contracts to meet the performance obligations; verifying the significant terms and conditions and checking the relevant supporting documents to confirm the accuracy of the timing to transfer commodity rights; examining the relevant supporting documents of the income transaction for a period of time before and after the balance sheet date to determine the income recognized at the appropriate timing. We also consider the appropriateness of the disclosure of operating income in Note 6 of the consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

The financial statements of some of the investee companies included in the consolidated financial statements of the Company and its subsidiaries were not audited by us, the independent accountant, but by other accountants. Therefore, our opinion expressed herein and the amounts listed in the consolidated financial statements of the investee companies are based solely on the audit reports of other auditors. The investments in the investee companies accounted for using the equity method as of 31 December 2022 and 2021 were NT\$1,041,974 thousand and NT\$1,022,809 thousand, respectively, accounting for 12% and 12% of the consolidated total assets. For the years ended 31 December 2022 and 2021, the profit and loss of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT\$68,530 thousand and NT\$62,417 thousand, respectively, accounting for 5% and 5% of the consolidated net income before tax, respectively. For the years ended 31 December 2022 and 2021, shares of other comprehensive income of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT\$11,885 thousand and NT\$(4,659) thousand, respectively, accounting for 21% and (15)% of the consolidated other comprehensive income, respectively.

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

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

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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 professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended 31 December 2022 and 2021.

Huang, Yu-Ting
Huang, Tzu-Ping
Ernst & Young, Taiwan
14 March 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Taiwan Sakura Corporation
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of				
		31 December 2022		31 December 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	4, 6(1)	\$2,036,762	23	\$1,849,085	22
1136	Financial assets measured at amortized cost, current	4, 6(2)	171,778	2	108,131	1
1140	Contract assets, current	4, 6(15),(16)	183,142	2	169,648	2
1150	Notes receivable, net	4, 6(3),(16)	111,022	1	93,525	1
1170	Accounts receivable, net	4, 6(3),(16)	1,052,556	12	1,204,884	15
130X	Inventories	4, 6(4)	1,165,622	14	950,986	12
1410	Prepayment		53,078	1	56,708	1
1470	Other current assets	4	15,320	-	14,715	-
11XX	Total current assets		<u>4,789,280</u>	<u>55</u>	<u>4,447,682</u>	<u>54</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income, non-current	4, 6(5)	108,357	1	239,391	3
1550	Investment accounted for using equity method	4, 6(6)	1,041,974	12	1,022,809	12
1600	Property, plant and equipment	4, 6(7), 8	1,965,498	23	1,936,962	24
1755	Right-of-use assets	4, 6(17)	311,690	4	171,573	2
1760	Investment property, net	4, 6(8), 8	192,619	2	183,433	2
1780	Intangible assets	4, 6(9)	154,315	2	165,402	2
1840	Deferred income tax assets	4	26,602	-	30,283	-
1915	Prepayments for equipment		35,832	-	27,498	-
1900	Other non-current assets	4	64,680	1	54,513	1
15XX	Total non-current assets		<u>3,901,567</u>	<u>45</u>	<u>3,831,864</u>	<u>46</u>
1XXX	Total assets		<u>\$8,690,847</u>	<u>100</u>	<u>\$8,279,546</u>	<u>100</u>

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

(continued)

Taiwan Sakura Corporation
CONSOLIDATED BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	As of			
			31 December 2022		31 December 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	4, 6(10)	\$39,099	-	\$21,212	-
2130	Contract liabilities, current	4, 6(15)	123,819	1	120,591	1
2150	Notes payable		6,584	-	3,403	-
2170	Accounts payable	7	1,393,660	16	1,450,762	18
2200	Other payables	6(11)	725,537	8	717,902	9
2230	Current tax income liabilities	4	254,833	3	242,208	3
2280	Leased liabilities, current	4, 6(17)	53,795	1	33,167	-
2300	Other current liabilities	4, 6(13)	45,882	1	43,030	1
21XX	Total current liabilities		<u>2,643,209</u>	<u>30</u>	<u>2,632,275</u>	<u>32</u>
Non-current liabilities						
2570	Deferred tax income liabilities	4	30,312	-	24,686	-
2580	Leased liabilities, non-current	4, 6(17)	213,128	3	86,932	1
2640	Net defined benefit liability, non-current	4, 6(12)	29,748	-	48,885	1
2600	Other non-current liabilities	6(13)	51,969	1	44,615	-
25XX	Total non-current liabilities		<u>325,157</u>	<u>4</u>	<u>205,118</u>	<u>2</u>
2XXX	Total liabilities		<u>2,968,366</u>	<u>34</u>	<u>2,837,393</u>	<u>34</u>
Equity attributable to owners of parent						
31XX	Equity attributable to owners of parent	4, 6(14)				
3100	Capital					
3110	Common stock		<u>2,211,212</u>	<u>25</u>	<u>2,211,212</u>	<u>27</u>
3200	Additional paid-in capital		<u>121,350</u>	<u>1</u>	<u>112,370</u>	<u>1</u>
3300	Retained earnings					
3310	Legal reserve		830,964	10	729,523	9
3320	Special reserve		115,799	1	115,799	1
3350	Unappropriated earnings		2,437,651	28	2,249,490	27
	Total retained earnings		<u>3,384,414</u>	<u>39</u>	<u>3,094,812</u>	<u>37</u>
3400	Other components of equity					
3410	Exchange differences on translation of foreign operations		(108,057)	(1)	(125,832)	(1)
3420	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income		79,547	1	108,800	1
34XX	Total other components of equity		<u>(28,510)</u>	<u>-</u>	<u>(17,032)</u>	<u>-</u>
3500	Treasury stock		<u>(21,248)</u>	<u>-</u>	<u>(21,248)</u>	<u>-</u>
31XX	Equity attributable to shareholders of the parent		<u>5,667,218</u>	<u>65</u>	<u>5,380,114</u>	<u>65</u>
36XX	Non-controlling interests		<u>55,263</u>	<u>1</u>	<u>62,039</u>	<u>1</u>
3XXX	Total equity		<u>5,722,481</u>	<u>66</u>	<u>5,442,153</u>	<u>66</u>
	Total liabilities and equity		<u>\$8,690,847</u>	<u>100</u>	<u>\$8,279,546</u>	<u>100</u>

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

Taiwan Sakura Corporation
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December				
		2022		2021		
		Amount	%	Amount	%	
4000	Operating revenues	4, 6(15), 7	\$8,212,862	100	\$7,569,362	100
5000	Operating costs	6(4),(18), 7	(5,475,496)	(67)	(4,880,543)	(64)
5900	Gross profit		2,737,366	33	2,688,819	36
6000	Operating expenses	6(16),(17),(18)				
6100	Selling and marketing expenses		(1,235,497)	(15)	(1,148,187)	(16)
6200	Management and administrative expenses		(313,695)	(3)	(290,519)	(4)
6300	Research and development expenses		(75,448)	(1)	(89,443)	(1)
6450	Expected credit losses		(1,114)	-	(464)	-
	Total operating expenses		(1,625,754)	(19)	(1,528,613)	(21)
6900	Operating income		1,111,612	14	1,160,206	15
7000	Non-operating income and expenses	6(17)(19)				
7100	Interest income		14,075	-	7,020	-
7010	Other income		34,475	-	32,595	1
7020	Other gains and losses		50,035	1	(8,969)	-
7050	Finance costs		(4,894)	-	(2,677)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	68,530	1	62,417	1
	Total non-operating income and expenses		162,221	2	90,386	2
7900	Income from continuing operations before income tax		1,273,833	16	1,250,592	17
7950	Income tax expense	4, 6(21)	(264,380)	(3)	(242,649)	(4)
8200	Income from continuing operations, net of tax		1,009,453	13	1,007,943	13
8300	Total other comprehensive income	6(20)				
8310	Items that may not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans		22,366	-	(3,391)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		19,552	-	38,269	1
8349	Income tax related to items that may not be reclassified subsequently to profit or loss		(4,473)	-	679	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		13,044	-	(1,987)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(6)	11,885	-	(4,659)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	6(21)	(4,443)	-	1,295	-
	Total other comprehensive income, net of tax		57,931	-	30,206	1
8500	Total comprehensive income		\$1,067,384	13	\$1,038,149	14
8600	Net income attributable to:					
8610	Shareholders of the parent		\$1,018,940		\$1,010,345	
8620	Non-controlling interests		(9,487)		(2,402)	
			<u>\$1,009,453</u>		<u>\$1,007,943</u>	
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent		\$1,074,160		\$1,040,721	
8720	Non-controlling interests		(6,776)		(2,572)	
			<u>\$1,067,384</u>		<u>\$1,038,149</u>	
	Earnings per share (NT\$)	6(22)				
9750	Earnings per share-basic		\$4.66		\$4.62	
9850	Earnings per share-diluted		\$4.64		\$4.61	

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

Taiwan Sakura Corporation
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Notes	Retained earnings					Other components of equity					
	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Treasury Stock	Equity attributable to shareholders of the parent	Non-Controlling Interests	Total Equity
Balance as of 1 January 2021	\$2,211,212	\$104,265	\$640,266	\$115,799	\$2,038,702	\$(120,651)	\$70,531	\$(21,248)	\$5,038,876	\$ -	\$5,038,876
Appropriation of earnings, 2020											
Legal reserve			89,257		(89,257)				-		-
Cash dividends					(707,588)				(707,588)		(707,588)
Received through merger										64,611	64,611
Donation from shareholders		704							704		704
Net income in 2021					1,010,345				1,010,345	(2,402)	1,007,943
Other comprehensive income (loss), net of income tax in 2021					(2,712)	(5,181)	38,269		30,376	(170)	30,206
Total comprehensive income (loss)	-	-	-	-	1,007,633	(5,181)	38,269	-	1,040,721	(2,572)	1,038,149
Adjustment due to dividends subsidiaries received from parent company		7,401							7,401		7,401
Balance as of 31 December 2021	4,6(14) <u>\$2,211,212</u>	<u>\$112,370</u>	<u>\$729,523</u>	<u>\$115,799</u>	<u>\$2,249,490</u>	<u>\$(125,832)</u>	<u>\$108,800</u>	<u>\$(21,248)</u>	<u>\$5,380,114</u>	<u>\$62,039</u>	<u>\$5,442,153</u>
Balance as of 1 January 2022	\$2,211,212	\$112,370	\$729,523	\$115,799	\$2,249,490	\$(125,832)	\$108,800	\$(21,248)	\$5,380,114	\$62,039	\$5,442,153
Appropriation of earnings, 2021											
Legal reserve			101,441		(101,441)				-		-
Cash dividends					(796,036)				(796,036)		(796,036)
Donation from shareholders		654							654		654
Net income in 2022					1,018,940				1,018,940	(9,487)	1,009,453
Other comprehensive income (loss), net of income tax in 2022					17,893	17,775	19,552		55,220	2,711	57,931
Total comprehensive income (loss)	-	-	-	-	1,036,833	17,775	19,552	-	1,074,160	(6,776)	1,067,384
Adjustment due to dividends subsidiaries received from parent company		8,326							8,326		8,326
Disposal of investments in equity instruments designated at fair value through other comprehensive income					48,805		(48,805)				-
Balance as of 31 December 2022	4,6(14) <u>\$2,211,212</u>	<u>\$121,350</u>	<u>\$830,964</u>	<u>\$115,799</u>	<u>\$2,437,651</u>	<u>\$(108,057)</u>	<u>\$79,547</u>	<u>\$(21,248)</u>	<u>\$5,667,218</u>	<u>\$55,263</u>	<u>\$5,722,481</u>

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

Taiwan Sakura Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	\$1,273,833	\$1,250,592
Adjustments:		
Adjustments to reconcile net income:		
Depreciation	134,953	118,765
Amortization	38,184	33,920
Expected credit loss	1,114	464
Interest expense	4,894	2,677
Interest income	(14,075)	(7,020)
Dividend income	(1,825)	(11,879)
Share of profit of associates and joint ventures accounted for using equity method	(68,530)	(62,417)
Gain on disposal or retirement of property, plant and equipment	(302)	(202)
Gain on disposals of investment property	-	(3,262)
Gain on disposal of investment	(166)	(110)
Reversal of impairment loss on non-financial assets	(11,149)	-
(Gain from price recovery of inventories) Loss for market price decline and obsolete and slow-moving inventories	(760)	1,860
Gain from lease modification	-	(18)
Realized gain on inter-affiliate accounts	-	(893)
Changes in operating assets and liabilities:		
Increase in contract asset	(13,530)	(18,653)
(Increase) Decrease in notes receivable	(17,497)	9,745
Decrease (Increase) in accounts receivable	154,669	(146,580)
Increase in inventories	(210,358)	(237,910)
Decrease in prepayments	3,437	16,821
(Increase) Decrease in other current assets	(508)	417
Increase in financial assets measured at amortized cost	(63,647)	(108,131)
Increase in other non-current assets	(23,018)	(22,284)
Increase in contract liabilities	3,228	27,804
Increase (Decrease) in notes payable	3,181	(3,975)
(Decrease) Increase in accounts payable	(57,102)	185,230
Increase in other payables	7,635	71,261
Increase in other current liabilities	2,852	8,338
Increase in net defined benefit liabilities	124	189
Increase in other non-current liabilities	7,354	22,125
Cash generated from operations	<u>1,152,991</u>	<u>1,126,874</u>
Interest received	13,881	5,521
Dividend received	1,825	11,879
Income tax paid	<u>(251,201)</u>	<u>(230,580)</u>
Net cash provided by operating activities	<u>917,496</u>	<u>913,694</u>

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

(continued)

Taiwan Sakura Corporation
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
(Continued)		
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	150,586	-
Acquisition of financial assets measured at fair value through profit or loss	(150,000)	(100,000)
Proceeds from disposal of financial assets measured at fair value through profit or loss	150,166	100,110
Cash received through merger	-	(28,501)
Acquisition of property, plant and equipment	(98,957)	(293,432)
Proceeds from disposal of property, plant and equipment	518	459
Increase in refundable deposits	(6,274)	(3,375)
Decrease in refundable deposits	316	1,333
Increase in intangible assets	(8,039)	(5,317)
Gain on disposal of investment property	-	109,490
Increase in prepayment for equipment	(17,156)	(26,489)
Dividends distributed by investment accounted for using equity method	64,025	60,830
Net cash provided by (used in) investing activities	<u>85,185</u>	<u>(184,892)</u>
Cash flows from financing activities:		
Increase in short-term loans	197,343	431,276
Decrease in short-term loans	(181,224)	(449,719)
Decrease in long-term loans	-	(16,120)
Lease principal repayment	(45,396)	(29,105)
Cash dividend distribution	(787,710)	(700,187)
Interest paid	(1,956)	(1,407)
Capital surplus due to donation from shareholders	654	704
Net cash used in financing activities	<u>(818,289)</u>	<u>(764,558)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>3,285</u>	<u>(262)</u>
Net increase (decrease) in cash and cash equivalents	<u>187,677</u>	<u>(36,018)</u>
Cash and cash equivalents at beginning of period	<u>1,849,085</u>	<u>1,885,103</u>
Cash and cash equivalents at end of period	<u>\$2,036,762</u>	<u>\$1,849,085</u>

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

Taiwan Sakura Corporation and Subsidiaries

Notes to Consolidated Financial Statements

FOR THE YEARS ENDED
31 DECEMBER 2022 AND 2021

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. COMPANY HISTORY

Taiwan Sakura Corporation (“the Company”) was established on 20 October 1988. It mainly manufactures and sells gas cookers, water heaters, kitchen appliances, furniture, building materials, metal hardware parts, sports equipment, electric hand tools, sanitary equipment and whole bathroom. In the year of 1992, the company's stock was approved by the authority to be traded on the Taiwan Stock Exchange. It was officially listed on 16 July 1992. Its registered location and main operations are located at No. 436, Section 4, Yatan Road, Daya District, Taichung City.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the “Group”) for the years ended 31 December 2022 and 2021 were authorized for issue in accordance with the resolution of the Board of Directors’ meeting on 14 March 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

- (a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

- (b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

- (c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liabilities in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

IFRS 17 was issued in May 2017, and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

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

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

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

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

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

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

The aforementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (1), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), IFRSs, IASs, IFRIC and SIC, which are endorsed by the FSC (collectively referred to as “TIFRSs”).

(2) Basis of Preparation

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

(3) Basis of Consolidation

Preparation principle of consolidated financial statements

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

- (a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

- (b) exposure, or rights, to variable returns from its involvement with the investee, and
- (c) the ability to use its power over the investee to affect its returns

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

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

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

Subsidiaries are fully consolidated from the acquisition date, which is the date that the Company obtains control, and they continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

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

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

If the Company loses control of a subsidiary, it:

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

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Ownership percentage		Remark
			31 Dec. 2022	31 Dec. 2021	
The Company	Sakura Enterprise (British Virgin Islands) Ltd. (hereinafter referred to as B.V.I.)	Reinvestment to the holding Group in mainland China	100%	100%	
The Company	Svago International Corporation (hereinafter referred to as Svago International)	Originally importing, selling and leasing kitchen appliances, bathroom equipment and metal hardware parts. It changed to gas equipment and parts trading and leasing in 2009.	100%	100%	
The Company	SAKURA Home Collection Co., Ltd. (hereinafter referred to as SAKURA Home Collection)	Interior decoration, installation of electrical appliance, installation of kitchenware and bathroom equipment and other businesses	100%	100%	
The Company	Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	Investment holding	100%	100%	(Note 1)
B.V.I.	Sakura Kitchen (Huanan) Co., Ltd. (hereinafter referred to as Huanan)	Originally manufacturing and selling bathroom equipment and kitchen equipment. It shifted its focus to kitchen appliance sales and real estate leasing in August 2009.	100%	100%	(Note 2)
Sakura Pan Pacific Holdings	Mekong Trading Corporation	Manufacturing and trading gas of equipment and parts	54.99%	54.99%	(Note 3)

Note 1: Sakura Pan Pacific Holdings (Singapore) Pte. Ltd. was established in November 2020 as a 100% cash-based investment subsidiary of the Company.

Note 2: B.V.I. consists of five companies including Kunshan Hongyi, which is 100% invested (see Note 13(3) mainland China Investment Information for details).

Note 3: In order to expand its business and operations, the Company acquired 54.99% of the shares in Mekong Trading Corporation on July 1, 2021 through Sakura Pan Pacific Holdings (see Note 13 (2) Re-investment business related information for details).

(4) Foreign Currency Transactions

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

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

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

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

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

(5) Translation of foreign currency financial statements

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In the partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) The standards of which assets and liabilities are classified as current or non-current

An asset is classified as current when:

- (a) The Group expects to realize the asset or intends to sell or consume it during its normal operating cycle.

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

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

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

(a) Financial instruments: Recognition and Measurement

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

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

- A. the Group's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

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

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

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

- A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

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

Financial asset measured at fair value through other comprehensive income

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

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

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

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 - 1. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 - 2. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial asset measured at fair value through profit or loss

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

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

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

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

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

The loss allowance is measures as follow:

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

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

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired
- B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred

- C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

- (d) Financial liabilities and equity instruments

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as of fair value through profit or loss.

A financial liability is classified as held for trading if:

- A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

- B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(e) Offsetting of financial instruments

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

(9) Fair value measurement

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

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

(10) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - usually priced at standard cost, adjusted to the actual cost at the settlement date.

Finished goods and work in progress - including direct materials, direct labor and manufacturing costs. Fixed manufacturing costs are apportioned at normal capacity. In-process products and finished products are usually priced at standard cost and are adjusted to the actual cost at the settlement date.

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

(11) Investments accounted for under the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate.

When changes in the net assets of an associate or an investment in a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Group's percentage of ownership interests in the associate, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate or an investment in a joint venture issues new stock, and the Group's interest in an associate is reduced or increased as the Group fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid-in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or an investment in a joint venture.

The financial statements of the associate or an investment in a joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the ‘share of profit or loss of an associate’ in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

- (a) its share of the present value of the estimated future cash flows expected to be generated by the associate or an investment in a joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

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

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

Item	Useful years
Buildings	4~51 years
Machinery and equipment	8~11 years
Mold equipment	2~3 years
Transportation equipment	6~16 years
Office equipment	4~8 years
Lease improvement	4~11 years
Other equipment	3~11 years

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

The assets' residual values, useful years and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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

<u>Item</u>	<u>Useful years</u>
Buildings	3~56 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(14) Leases

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

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

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

Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Patents

The patent right has been granted for a period of 10 years by the relevant government agency.

Computer software

The cost of computer software is amortized using the straight-line method over its estimated useful life (3 to 5 years).

Trademark rights

As of 2009, the Group purchased TOPAX Ltd. (TOPAX) from the court and invested in Topax International Corporation. Since TOPAX is a trademark of a market leading brand, the Group did not expect the net cash inflow of the asset to cease existence in the foreseeable period. Therefore, the useful life of TOPAX trademark was considered to be undeterminable. The rest of the trademark rights are amortized using the straight-line method over the ten-year period of validity.

A summary of the accounting policies applied to the Group's intangible assets is as follows:

	Patent rights	Computer software	Trademark rights	Other Intangible assets	Goodwill
Useful lives	Finite	Finite	Finite (excluding TOPAX trademark rights)	Finite	Not sure
Amortization method used	Amortization on the straight-line method over the period of the patent	Amortization on the straight-line method over the estimated useful years	Amortization on the straight-line method over the estimated useful years	Amortization on the straight-line method over the estimated useful years	Not amortized
Internally generated or externally acquired	Acquired	Acquired	Acquired	Acquired	Acquired

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited to the extent that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for warranties

Warranty provisions are estimated based on management's best estimate of future economic benefits due to warranty obligations (based on historical warranty experience).

(18) Treasury shares

The Company's own equity instruments which are reacquired (treasury shares) by the Group are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(19) Revenue recognition

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

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is gas cooker, water heaters, kitchen appliances, etc., and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized would not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers, and the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Most of the contractual considerations of the Group are collected evenly throughout the contract period. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets.

However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities. The period between the transfers of contract liabilities to revenue is usually within one year; thus, no significant financing component arose.

(20) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(21) Post-employment benefit plans

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

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries make contribution to the plan based on the requirements of local regulations.

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

- (1) the date of the plan amendment or curtailment, and
- (2) the date that the Group recognizes restructuring-related costs

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

(22) Income tax

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

Current income tax

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

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

Deferred income tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

(23) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired, and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss and recognized in current period gain or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

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

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(3) Revenue recognition – sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

(4) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for unrecognized deferred tax assets.

(5) Accounts receivable – estimation of impairment loss

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

(6) Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Demand deposits	\$1,566,177	\$1,569,241
Time deposits	469,308	278,679
Cash on hand	1,277	1,165
Total	<u>\$2,036,762</u>	<u>\$1,849,085</u>

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
 (Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(2) Financial assets measured at amortized cost - current

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Time deposits- Current	<u>\$171,778</u>	<u>\$108,131</u>

The Group's financial assets measured at amortized cost - current were not pledged. Please refer to Note 12 for details on credit risk.

(3) Notes receivables & Accounts receivables

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Notes receivables	\$111,022	\$93,525
Less: loss allowance	-	-
subtotal	<u>111,022</u>	<u>\$93,525</u>
Accounts receivables	1,053,255	1,206,203
Accounts receivables from related party	2	2
Less: loss allowance	<u>(701)</u>	<u>(1,321)</u>
Subtotal	<u>1,052,556</u>	<u>1,204,884</u>
Total	<u>\$1,163,578</u>	<u>\$1,298,409</u>

The Group's notes receivables and trade receivables were generated as a result of business operations and were not pledged.

Notes receivables and accounts receivables are generally on 30-90 day terms. The Group follows the requirement of IFRS 9 to assess the impairment. The total carrying amount, including notes receivables and accounts receivables, as of 31 December 2022 and 2021 were \$1,164,279 and \$1,299,730, respectively. Please refer to Note 6(16) for more details on loss allowance of trade receivables for the periods ended 31 December 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(4) Inventories

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Work in progress	\$383,516	\$113,903
Raw materials	369,078	406,677
Finished goods	277,906	133,501
Commodity inventory	135,122	296,905
Total	<u>\$1,165,622</u>	<u>\$950,986</u>

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
 (Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The cost of inventories recognized in cost of goods sold by the Group in 2022 and 2021 was \$5,475,496 and \$4,880,543, respectively. The inventory-related loss and net income recognized in the year of 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Revenue from sale of scraps	\$4,459	\$5,133
Loss on physical inventory	(2,674)	(1,220)
Reversal of (Loss on) allowance for inventory market price decline	760	(1,860)
Obsolete inventory	<u>(12,447)</u>	<u>(13,371)</u>
Net	<u><u>\$(9,902)</u></u>	<u><u>\$(11,318)</u></u>

No inventories above were pledged.

As the factor that caused the net realizable value to be less than the inventory cost does not exist, The Group recognizes the market price recovery of inventories in 2022.

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

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Equity instrument investments designated at fair value through other comprehensive income, non-current:		
Listed stocks	\$92,625	\$223,659
Unlisted stocks	<u>15,732</u>	<u>15,732</u>
Total	<u><u>\$108,357</u></u>	<u><u>\$239,391</u></u>

The financial assets that are measured by the Group at fair value through other comprehensive income were not pledged.

In 2022, the Group disposed of its investment in equity instrument investments designated at fair value through other comprehensive income with a fair value of \$150,586 in 2021. And converted the unrealized gain accumulated at the time of disposal of \$48,805 from other components of equity into retained earnings.

The Group did not dispose of its investment in equity instrument investments designated at fair value through other comprehensive income in 2021.

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(6) Investment accounted for using the equity method

(a) The details of the investment of the Group using the equity method are as follows:

Investees	31 Dec. 2022		31 Dec. 2021	
	Amount	% of ownership	Amount	% of ownership
Investment in related companies:				
SAKURA (CAYMAN) CO., LTD.	\$776,489	45.00%	\$761,525	45.00%
PUDA Industrial Co., Ltd.	195,315	43.19%	192,606	43.19%
Sakura Bath and Kitchen Products (China) Co., Ltd.	70,170	3.89%	68,678	3.89%
Total	<u>\$1,041,974</u>		<u>\$1,022,809</u>	

(b) The investment benefit and conversion adjustments recognized by the equity method in the financial statements audited by the investee Group in 2022 and 2021 are as follows:

Investees	2022		2021	
	Share of profit or loss of associates and joint ventures	Exchange differences on translation of foreign operations	Share of profit or loss of associates and joint ventures	Exchange differences on translation of foreign operations
Investment in related companies:				
SAKURA (CAYMAN) CO., LTD.	\$58,974	\$10,948	\$53,307	\$(4,440)
Sakura Bath and Kitchen Products (China) Co., Ltd.	6,131	937	5,670	(219)
PUDA Industrial Co., Ltd.	3,425	-	3,440	-
Total	<u>\$68,530</u>	<u>\$11,885</u>	<u>\$62,417</u>	<u>\$(4,659)</u>

(c) The investment in related companies mentioned above were not pledged.

(d) The summarized financial information of the Group's investment in SAKURA (CAYMAN) CO. LTD, is as follows:

	31 Dec. 2022	31 Dec. 2021
Current assets	\$3,660,122	\$3,712,916
Non-current assets	812,288	949,969
Current liabilities	(2,513,010)	(2,635,952)
Non-current liabilities	(128,439)	(231,258)
Minority shareholding	(105,430)	(103,398)
Equity	1,725,531	1,692,277
Percentage of the Group's ownership	45%	45%
Subtotal	776,489	761,525
Eliminations from intercompany transactions	-	-
Carrying value of the investment	<u>\$776,489</u>	<u>\$761,525</u>

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
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	2022	2021
Profit from continuing operations	\$131,054	\$118,459
Other comprehensive income, net of tax	-	-
Total comprehensive income	<u>\$131,054</u>	<u>\$118,459</u>

- (e) The Group's investments in Sakura Kitchen Products (China) Co., Ltd. and PUDA Industrial Co., Ltd. are not material to the Group. The Group's investment in Sakura Bath and Kitchen Products (China) Co., Ltd. and PUDA Industrial Co., Ltd. was consolidated on 31 December 2022 and 31 December 2021 and the total book values are \$265,485 and \$261,284, respectively. The aggregated financial information is listed as follows according to the total shares:

	2022	2021
Profit from continuing operations	\$9,556	\$9,110
Other comprehensive income, net of tax	2,484	(317)
Total comprehensive income	<u>\$12,040</u>	<u>\$8,793</u>

The investment in related companies mentioned above did not have contingent liabilities or capital commitments as of 31 December 2022 and 2021, and no pledge was provided.

- (7) Property, plant and equipment

	31 Dec. 2022	31 Dec. 2021
Owner occupied property, plant and equipment	<u>\$1,965,498</u>	<u>\$1,936,962</u>

- (a) Owner occupied property, plant and equipment

	Land	Buildings	Machinery equipment	Mold equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under installation	Total
Cost:									
1 Jan. 2022	\$1,273,734	\$970,485	\$287,744	\$164,107	\$67,844	\$41,412	\$93,925	\$1,587	\$2,900,838
Additions	41,130	1,083	14,855	9,566	7,087	4,698	4,241	16,297	98,957
Disposals	-	(1,048)	(6,497)	(2,320)	(7,513)	(1,230)	(4,737)	-	(23,345)
Other changes	-	-	8,822	-	17	-	-	-	8,839
Exchange rate differences	-	6,851	67	-	395	40	93	(6)	7,440
31 Dec. 2022	<u>\$1,314,864</u>	<u>\$977,371</u>	<u>\$304,991</u>	<u>\$171,353</u>	<u>\$67,830</u>	<u>\$44,920</u>	<u>\$93,522</u>	<u>\$17,878</u>	<u>\$2,992,729</u>
Depreciation and impairment:									
1 Jan. 2022	\$-	\$499,548	\$162,800	\$146,020	\$56,792	\$35,020	\$63,696	\$-	\$963,876
Depreciation	-	30,000	25,086	12,263	4,741	2,567	8,252	-	82,909
Disposals	-	(1,048)	(6,332)	(2,320)	(7,513)	(1,230)	(4,686)	-	(23,129)
Other changes	-	-	-	-	8	-	-	-	8
Exchange rate differences	-	3,087	62	-	313	21	84	-	3,567
31 Dec. 2022	<u>\$-</u>	<u>\$531,587</u>	<u>\$181,616</u>	<u>\$155,963</u>	<u>\$54,341</u>	<u>\$36,378</u>	<u>\$67,346</u>	<u>\$-</u>	<u>\$1,027,231</u>

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

	Land	Buildings	Machinery equipment	Mold equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under installatio	Total
Cost:									
1 Jan. 2021	\$862,556	\$963,883	\$275,411	\$159,130	\$62,939	\$37,587	\$90,217	\$1,993	\$2,453,716
Additions	262,027	6,266	6,470	5,574	3,796	4,283	3,429	1,587	293,432
Received through merger	-	2,903	1,947	-	3,890	777	233	-	9,750
Disposals	-	-	(603)	(597)	(2,846)	(940)	(832)	-	(5,818)
Other changes	149,151	(910)	4,519	-	80	(295)	878	(1,993)	151,430
Exchange rate differences	-	(1,657)	-	-	(15)	-	-	-	(1,672)
31 Dec. 2021	<u>\$1,273,734</u>	<u>\$970,485</u>	<u>\$287,744</u>	<u>\$164,107</u>	<u>\$67,844</u>	<u>\$41,412</u>	<u>\$93,925</u>	<u>\$1,587</u>	<u>\$2,900,838</u>
Depreciation and impairment:									
1 Jan. 2021	-	1,463	1,837	-	2,684	600	101	-	6,685
Received through merger	-	34,084	24,191	12,561	4,766	1,926	8,574	-	86,102
Depreciation	-	-	(530)	(597)	(2,826)	(927)	(681)	-	(5,561)
Disposals	-	(1,744)	(1,132)	-	166	(395)	878	-	(2,227)
Exchange rate differences	-	(704)	-	-	(12)	-	-	-	(716)
31 Dec. 2021	<u>\$-</u>	<u>\$499,548</u>	<u>\$162,800</u>	<u>\$146,020</u>	<u>\$56,792</u>	<u>\$35,020</u>	<u>\$63,696</u>	<u>\$-</u>	<u>\$963,876</u>
Fair value									
31 Dec. 2022	<u>\$1,314,864</u>	<u>\$445,784</u>	<u>\$123,375</u>	<u>\$15,390</u>	<u>\$13,489</u>	<u>\$8,542</u>	<u>\$26,176</u>	<u>\$17,878</u>	<u>\$1,965,498</u>
31 Dec. 2021	<u>\$1,273,734</u>	<u>\$470,937</u>	<u>\$124,944</u>	<u>\$18,087</u>	<u>\$11,052</u>	<u>\$6,392</u>	<u>\$30,229</u>	<u>\$1,587</u>	<u>\$1,936,962</u>

(b) Components of building that have different useful lives are the main building structure, compartment works, utilities and firefighting equipment, and renovation works, which are depreciated according to their life time of 50 years, 4 years, and 10 years, respectively.

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

(d) The Group purchased land in the amount of \$41,130 and \$47,449 in 2022 and 2021 respectively, which was categorized as agricultural land. However, the ownership was temporarily registered in the name of a third party. The Group has obtained the land ownership certificate and is applying for the mortgage rights to the land administration office.

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(8) Investment property

The Group's investment properties include only its owner-occupied investment properties. The Group has entered commercial property leases on its owned investment properties. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Land	Buildings	Total
Cost :			
As of 1 Jan. 2022	\$164,203	\$108,383	\$272,586
Transfer from property, plant and equipment	-	-	-
As of 31 Dec. 2022	<u>\$164,203</u>	<u>\$108,383</u>	<u>\$272,586</u>
Depreciation and impairment:			
As of 1 Jan. 2022	\$5,669	\$83,484	\$89,153
Current period depreciation	-	1,963	1,963
Gain on investment property measured at fair value	(3,058)	(8,091)	(11,149)
As of 31 Dec. 2022	<u>\$2,611</u>	<u>\$77,356</u>	<u>\$79,967</u>
	Land	Buildings	Total
Cost:			
As of 1 Jan. 2021	\$292,333	\$252,917	\$545,250
Disposals	(128,130)	(144,534)	(272,664)
As of 31 Dec. 2021	<u>\$164,203</u>	<u>\$108,383</u>	<u>\$272,586</u>
Depreciation and impairment:			
As of 1 Jan. 2021	\$70,437	\$182,145	\$252,582
Current period depreciation	-	3,007	3,007
Disposals	(64,768)	(101,668)	(166,436)
As of 31 Dec. 2021	<u>\$5,669</u>	<u>\$83,484</u>	<u>\$89,153</u>
Net carrying amount:			
As of 31 Dec. 2022	<u>\$161,592</u>	<u>\$31,027</u>	<u>\$192,619</u>
As of 31 Dec. 2021	<u>\$158,534</u>	<u>\$24,899</u>	<u>\$183,433</u>
	2022	2021	
Rental income from investment property	\$4,842	\$4,842	
Less:			
Direct operating expenses from investment property generating rental income	(1,849)	(2,074)	
Direct operating expenses from investment property not generating rental income	(303)	(1,975)	
Total	<u>\$2,690</u>	<u>\$793</u>	

For investment property pledge, please refer to Note 8.

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Investment properties held by the Group are not measured at fair value but rather their fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties as of 31 December 2022 and 2021 is \$369,714 and \$314,917, respectively. The aforesaid fair value was appraised by an independent external appraiser. The evaluation method used was the comparative method to evaluate the land price, and the cost method to estimate the construction price.

(9) Intangible assets

	Patent rights	Trademark rights	Computer software cost	Goodwill	Other intangible assets	Total
Cost:						
As of 1 Jan. 2022	\$6,518	\$87,003	\$27,765	\$9,063	\$58,634	\$188,983
Addition - acquired separately	515	456	7,068	-	-	8,039
Exchange rate differences	-	-	99	-	-	99
As of 31 Dec. 2022	<u>\$7,033</u>	<u>\$87,459</u>	<u>\$34,932</u>	<u>\$9,063</u>	<u>\$58,634</u>	<u>\$197,121</u>
As of 1 Jan. 2021	\$7,100	\$87,081	\$35,916	\$-	\$2,419	\$132,516
Addition - acquired separately	587	607	4,123	-	-	5,317
Received through merger	-	-	919	9,063	58,634	68,616
Disposal	(1,169)	(685)	(13,473)	-	-	(15,327)
Exchange rate differences	-	-	280	-	(2,419)	(2,139)
As of 31 Dec. 2021	<u>\$6,518</u>	<u>\$87,003</u>	<u>\$27,765</u>	<u>\$9,063</u>	<u>\$58,634</u>	<u>\$188,983</u>
	Patent rights	Trademark rights	Computer software cost	Goodwill	Other intangible assets	Total
Amortization and impairment:						
As of 1 Jan.2022	\$3,576	\$4,288	\$12,433	\$-	\$3,284	\$23,581
Amortization	703	690	10,682	-	7,116	19,191
Exchange rate differences	-	-	34	-	-	34
As of 31 Dec. 2022	<u>\$4,279</u>	<u>\$4,978</u>	<u>\$23,149</u>	<u>\$-</u>	<u>\$10,400</u>	<u>\$42,806</u>
As of 1 Jan.2021	\$4,019	\$4,214	\$15,588	\$-	\$196	\$24,017
Received through merger	-	-	20	-	-	20
Amortization	726	759	10,018	-	3,450	14,953
Disposal	(1,169)	(685)	(13,473)	-	-	(15,327)
Exchange rate differences	-	-	280	-	(362)	(82)
As of 31 Dec. 2021	<u>\$3,576</u>	<u>\$4,288</u>	<u>\$12,433</u>	<u>-</u>	<u>\$3,284</u>	<u>\$23,581</u>
Net carrying amount as of:						
31 Dec. 2022	<u>\$2,754</u>	<u>\$82,481</u>	<u>\$11,783</u>	<u>\$9,063</u>	<u>\$48,234</u>	<u>\$154,315</u>
31 Dec. 2021	<u>\$2,942</u>	<u>\$82,715</u>	<u>\$15,332</u>	<u>\$9,063</u>	<u>\$55,350</u>	<u>\$165,402</u>

The amortized amount of recognized intangible assets is as follows:

	<u>2022</u>	<u>2021</u>
Operating expenses	<u>\$19,191</u>	<u>\$14,953</u>

(10) Short-term loans

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Unsecured bank loan	<u>\$39,099</u>	<u>\$21,212</u>

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Interest rates (%)	1.6%-5.9%	1.6%-5.9%

The Group's unused short-term lines of credits, including credit loans and secured loans, amounted to \$569,901 and \$793,188 as of 31 December 2022 and 31 December 2021, respectively, among which the secured loans were not drawn.

(11) Other payables

	<u>31 Dec. 2022</u>	<u>31 Dec 2021</u>
Accrued salary and bonus	\$323,780	\$329,095
Payables on promotion fee	131,758	138,641
Accrued employees' compensation and directors' remuneration	67,660	67,956
Payables on advertisement	58,756	53,306
Other payables - others	143,583	128,904
Total	<u>\$725,537</u>	<u>\$717,902</u>

(12) Post-employment benefit plans

Defined contribution plans

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

Subsidiaries in China are required to pay pension insurance premiums according to the local government's laws and regulations, paying a certain percentage of the total salary of the employees to the relevant government departments. The pension accounts are preserved in separate employee accounts.

The other foreign subsidiaries of the Group appropriate pension funds to

relevant pension management businesses in accordance with local regulations.

The Group's expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were \$27,125 and \$25,274, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for mid-term and long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute \$1,800 thousands to its defined benefit plan in the next year starting from 31 December 2022.

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As of 31 December 2022 and 31 December 2021, the Group's defined benefit plans are expected to expire in 2029.

The summary of defined benefits plan reflected in profit or loss is as follows:

	2022	2021
Current period service cost	\$1,051	\$1,339
Net defined interest on benefit liabilities	242	223
Total	<u>\$1,293</u>	<u>\$1,562</u>

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

	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Defined benefit obligation	\$175,829	\$194,053	\$201,851
Plan assets at fair value	(145,974)	(145,038)	(156,283)
Contribution status	29,855	49,015	45,568
Other payables due within one year	(107)	(130)	(140)
Net defined benefit liabilities – non-current	<u>\$29,748</u>	<u>\$48,885</u>	<u>\$45,428</u>

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of 1 Jan. 2021	\$201,851	\$(156,283)	\$45,568
Current service costs	1,339	-	1,339
Interest expense (income)	1,009	(786)	223
Subtotal	<u>204,199</u>	<u>(157,069)</u>	<u>47,130</u>
Remeasurements:			
Experience adjustments	5,379	-	5,379
Loss of the planned asset remuneration	-	(2,110)	(2,110)
Subtotal	<u>5,379</u>	<u>(2,110)</u>	<u>3,269</u>
Payments from the plan	(15,525)	15,525	-
Contributions by employer	-	(1,384)	(1,384)
As of 31 Dec 2021	<u>194,053</u>	<u>(145,038)</u>	<u>49,015</u>
Current service costs	1,051	-	1,051
Interest expense (income)	970	(728)	242
Subtotal	<u>196,074</u>	<u>(145,766)</u>	<u>50,308</u>
Remeasurements:			
Experience adjustments	(2,419)	-	(2,419)
Actuarial gains and losses arising from changes in financial assumptions	(4,494)	-	(4,494)
Loss of the planned asset remuneration	-	(12,348)	(12,348)
Subtotal	<u>(6,913)</u>	<u>(12,348)</u>	<u>(19,261)</u>
Payments from the plan	(13,332)	13,332	-
Contributions by employer	-	(1,192)	(1,192)
As of 31 December 2022	<u>\$175,829</u>	<u>\$(145,974)</u>	<u>\$29,855</u>

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The principal actuarial assumptions used were as follows:

	31 Dec. 2022	31 Dec. 2021
Discount rate	1.25%	0.50%
Future salary increase rate	2.75%	2.75%

Sensitivity analysis for significant assumption are shown below:

	2022		2021	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	\$-	\$3,248	\$-	\$4,714
Discount rate decreased by 0.5%	3,429	-	4,989	-
Future salary increased by 1%	6,925	-	9,934	-
Future salary decreased by 1%	-	6,349	-	9,065

The foregoing sensitivity analysis is conducted to analyze the possible impact of determining a benefit obligation when a single actuarial assumption (e. g. discount rate or expected salary) is reasonably possible, assuming other assumptions remain unchanged. Since some of the actuarial assumptions are related to each other, there are only a few single actuarial assumptions that can be changed in practice, so the analysis has its limitations.

The methods and assumptions used in this period of sensitivity analysis are not different from the previous period.

(13) Provisions

	Warranties
As of 1 Jan. 2022	\$62,355
Addition	38,722
Utilized	(28,691)
As of 31 Dec. 2022	\$72,386
Current - 31 Dec. 2022	\$20,848
Non-current - 31 Dec. 2022	51,538
As of 31 Dec. 2022	\$72,386
Current - 1 Jan. 2021	\$38,726
Addition	44,701
Utilized	(21,072)
As of 31 Dec. 2021	\$62,355

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
 (Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

	<u>Warranties</u>
Current - 31 Dec. 2021	\$18,180
Non-current - 31 Dec. 2021	44,175
As of 31 Dec. 2021	<u>\$62,355</u>

Note: Provision for liabilities - current and provision for liabilities - non-current were separately booked under other current liabilities and other non-current liabilities.

Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(14) Equities

(a) Common stock

The Company's authorized share capitals amounted to \$4,400,000 and the issued share capitals was \$2,211,212, both as of 31 December 2022 and 2021. The par value per share was NT\$10 dollar with a total of 221,121,188 shares. Each share is entitled to one vote and the right to receive dividends.

(b) Additional paid-in capital

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Treasury stock transactions	\$58,986	\$50,660
Premium issuance	47,959	47,959
Donated assets received	13,244	12,590
Changes in the net value of related companies and joint venture equity using the equity method	1,161	1,161
Total	<u>\$121,350</u>	<u>\$112,370</u>

Under the relevant laws, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

Additional paid-in capital - treasury stock trading, which is a subsidiary of the Company - Svago International Corporation, holds the shares of the Company, and the cash dividends of the parent company are subject to the adjustment of the additional paid-in capital - treasury stock transactions.

Additional paid-in capital - the donated assets received are the additional paid-in capital generated by the Company due to the donated assets of the receiving shareholder, and the previous year's cash dividends are not received.

The equity method is used to recognize the changes in the net value of the related companies and the joint venture equity, which is the additional paid-in capital of the affiliated company, SAKURA (CAYMAN) CO., LTD., which transfers the trademark rights free of charge to the affiliated company, Sakura Bath and Kitchen Products (China) Co., Ltd.

(c) Treasury stock

As of 31 December 2022 and 2021, the fair value of the treasury stock held by the Group's subsidiary, Svago International Corporation, was \$143,633 and \$159,592, respectively, and the number of shares held is 2,312,932 for both years. These shares held by Svago International Corporation were acquitted for the purpose of financing before the amendment of the Company Act on 12 November 2001.

(d) Retained earnings and dividend policies

According to the Group's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- A. Payment of all taxes and dues;
- B. Offset prior years' operation losses;
- C. Set aside 10% of the remaining amount as legal reserve;
- D. Set aside or reverse special reserve in accordance with law and regulations;
- E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

The Group's products are diverse, and hence the products' different growth stages may be difficult to identify. Regardless, the Group still expects to make significant investment and financial improvement plans in the next few years. In addition, the Group will distribute at least 30% of the shareholders' dividends in the form of cash when it obtains sufficient external funds to pay for its significant annual capital expenditures.

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

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to the difference between the balance of special reserve already set aside according to the requirements for the first time adoption of IFRS, and the net contra account in other equity. For any subsequent reversal of the net contra account in other equity, the amount reversed may be distributed from the special reserve.

In accordance with Ruling No. Jin-Guan-Cheng-Fa-Zi 1090150022 issued by the Financial Supervisory Commission on 31 March 2021, on the first time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded on the transfer day that the company elects to transfer to retained earnings by application of the exemption under IFRS 1 "First Adoption of International Financial Reporting Standards", the company shall set aside an equal amount of special reserve. For any subsequent use, disposal of or reclassification of related assets, the amount reversed may be distributed according to the percentage of special reserve that's set aside.

The Group's special surplus reserve amount for the first adoption of IFRS was \$115,799 for both periods ended 1 January 2022 and 1 January 2021. In addition, the Group did not use, dispose or reclassify the relevant assets from 1 January to 31 December 2022 and 2021, and thus revolved the special surplus reserve to the undistributed surplus. As of 31 December 2022 and 2021, the special surplus reserve amount for the first adoption was \$115,799.

As of 14 March 2023, the Company's Board of Directors has not yet proposed the earnings allocation and distribution of the dividend per share in 2022. The resolution of the shareholders' meeting was resolved on June 17, 2022. The earnings allocation and dividends per share for 2021 are as follows:

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	(Note1)	\$101,441		
Cash dividend – common stock (Note2)	(Note1)	796,036	(Note1)	\$3.60

Note 1. The Group will convene Board of Directors meeting to propose earnings allocation and appropriation.

Note 2. The Group was authorized according to the Articles of Association and passed by special resolution on 6 May 2022 the proposal to distribute common share cash dividends of 2021.

Please refer to Note 6(18) for relevant information on the estimation basis and amount for employees' compensation and remuneration to directors.

(e) Non-controlling interest

	31 Dec. 2022	31 Dec. 2021
1 Jan. 2021	\$62,039	\$-
Received through merger	-	64,611
Contributed to non-controlling interests of net loss	(9,487)	(2,402)
Contributed to non-controlling interests of other comprehensive income:		
Exchange differences on translation of foreign financial statements	2,711	(170)
31 Dec. 2021	<u>\$55,263</u>	<u>\$62,039</u>

(15) Operating revenue

	2022	2021
Revenue from contracts with customers - Sale of goods	\$8,141,791	\$7,501,905
Rental income	71,071	67,457
Total	<u>\$8,212,862</u>	<u>\$7,569,362</u>

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Analysis of revenue from contracts with customers during the periods ended 31 December 2022 and 2021 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2022:

	Gas appliances division	Kitchenware division	Huanan	Other division	Total
Sale of goods	\$4,973,652	\$2,138,570	\$-	\$1,029,569	\$8,141,791
Rental income	-	-	71,071	-	71,071
Total	<u>\$4,973,652</u>	<u>\$2,138,570</u>	<u>\$71,071</u>	<u>\$1,029,569</u>	<u>\$8,212,862</u>

Timing of revenue
recognition:

At a point in time	\$4,973,652	\$2,138,570	\$-	\$1,029,569	\$8,141,791
Over time	-	-	71,071	-	71,071
Total	<u>\$4,973,652</u>	<u>\$2,138,570</u>	<u>\$71,071</u>	<u>\$1,029,569</u>	<u>\$8,212,862</u>

For the year ended 31 December 2021:

	Gas appliances division	Kitchenware division	Huanan	Other division	Total
Sale of goods	\$4,822,460	\$1,859,383	\$-	\$820,062	\$7,501,905
Rental income	-	-	67,457	-	67,457
Total	<u>\$4,822,460</u>	<u>\$1,859,383</u>	<u>\$67,457</u>	<u>\$820,062</u>	<u>\$7,569,362</u>

Timing of revenue
recognition:

At a point in time	\$4,822,460	\$1,859,383	\$-	\$820,062	\$7,501,905
Over time	-	-	67,457	-	67,457
Total	<u>\$4,822,460</u>	<u>\$1,859,383</u>	<u>\$67,457</u>	<u>\$820,062</u>	<u>\$7,569,362</u>

(b) Contract balances

A. Contract assets - current

	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Sale of goods	<u>\$183,142</u>	<u>\$169,648</u>	<u>\$149,515</u>

The significant changes in the Group's balances of contract assets for the year ended 31 December 2022 and 2021 are as follows:

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
The opening balance transferred to trade receivables	\$(169,648)	\$(149,515)
Fulfilling performance obligations without achieving the unconditional collection	183,142	169,648
Changes during the period	<u>\$13,494</u>	<u>\$20,133</u>

B. Contract liabilities - current

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>	<u>1 Jan. 2021</u>
Sale of goods	\$123,819	\$120,591	\$92,716

The significant changes in the Group's balances of contract liabilities for the year ended 31 December 2022 and 2021 are as follows:

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
The opening balance transferred to revenue	\$(120,591)	\$(92,716)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	123,819	120,591
Changes during the period	<u>\$3,228</u>	<u>\$27,875</u>

(c) Transaction price allocated to unfulfilled performance obligations

None.

(d) Assets recognized from costs to fulfil a contract

None.

(16) Expected credit losses (gains)

	<u>2022</u>	<u>2021</u>
Operating expenses – Expected credit losses (gains)		
Other receivables	\$555	\$1,652
Accounts receivable	523	561
Contract assets	36	(1,480)
Notes receivable	-	(269)
Total	<u>\$1,114</u>	<u>\$464</u>

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

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The loss allowances of the Group's contractual assets and receivables (including note receivables and account receivables) were measured at lifetime expected credit loss. The assessment of the Company's loss allowance is as follows:

- (a) The total carrying amounts of the contract assets were \$183,338 and \$169,808 on December 31, 2022 and 2021, respectively. The amounts of the allowance loss were \$196 and \$160 on December 31, 2022 and 2021, respectively, based on individual customer assessment method.
- (b) The receivables are divided into groups based on the credit rating, regional and industrial factors of the counterparty, and the matrix is used to measure the allowance loss. The relevant information is as follows:

As of 31 December 2022

Group1:

	Not yet due (Note)	Days of overdue			Total
		Over a year	Over two years	Over three years	
Gross carrying amount	\$1,132,979	\$30	\$-	\$-	\$1,133,009
Loss ratio	0.01%-0.3%	70%~75%	90%	100%	
Lifetime expected credit losses	-	(21)	-	-	(21)
Carrying amount	\$1,132,979	\$9	\$-	\$-	\$1,132,988

Group2:

	Not yet due (Note)	Days of overdue			Total
		Over a year	Over two years	Over three years	
Gross carrying amount	\$29,910	\$1,360	\$-	\$-	\$31,270
Loss ratio	0.01%-0.3%	50%	70%	100%	
Lifetime expected credit losses	-	(680)	-	-	(680)
Carrying amount	\$29,910	\$680	\$-	\$-	\$30,590

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

As of 31 December 2021

Group1:

	Not yet due (Note)	Days of overdue			Total
		Over a year	Over two years	Over three years	
Gross carrying amount	\$1,263,633	\$215	\$-	\$108	\$1,263,956
Loss ratio	0.01%-0.3%	70%~75%	90%	100%	
Lifetime expected credit losses	(142)	(151)	-	(108)	(401)
Carrying amount	\$1,263,491	\$64	\$-	\$-	\$1,263,555

Group2:

	Not yet due (Note)	Days of overdue			Total
		Over a year	Over two years	Over three years	
Gross carrying amount	\$33,934	\$1,840	\$-	\$-	\$35,774
Loss ratio	0.01%-0.3%	50%	70%	100%	
Lifetime expected credit losses	-	(920)	-	-	(920)
Carrying amount	\$33,934	\$920	\$-	\$-	\$34,854

Note: The Group's note receivables are not overdue. The Group accrues the expected credit impairment loss according to the individual customer assessment method. The subsidiary, Svago International Corporation, separately presents its expected credit impairment loss for 0.3 % and above based on the balance of notes receivables.

The movement in the provision for impairment of contract assets, note receivables, accounts receivables and other receivables during the ended 31 December 2022 and 2021 is as follows:

	Contract assets	Notes receivable	Accounts receivable	Other receivables	Total
As of 1 Jan. 2022	\$160	\$-	\$1,321	\$2,656	\$4,137
Addition for the current year	36	-	523	555	1,114
Write off	-	-	(1,078)	(85)	(1,163)
Current reclassification	-	-	(142)	142	-
Exchange differences on translation of foreign operations	-	-	77	-	77
As of 31 Dec. 2022	\$196	\$-	\$701	\$3,268	\$4,165
As of 1 Jan. 2021	\$1,640	\$269	\$280	\$1,004	\$3,193
Addition (reversal) for the current year	(1,480)	(269)	561	1,652	464
Received through merger	-	-	480	-	480
As of 31 Dec. 2021	\$160	\$-	\$1,321	\$2,656	\$4,137

(17) Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings and transportation equipment. The lease terms range from 1 to 51 years.

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Buildings	\$250,815	\$107,004
Land	51,075	52,322
Land improvement	6,562	8,026
Transportation equipment	<u>3,238</u>	<u>4,221</u>
Total	<u><u>\$311,690</u></u>	<u><u>\$171,573</u></u>

During the year ended 31 December 2022 and 2021, the Group's additions to right-of-use assets amounted to \$188,345 and \$57,761, respectively.

b. Lease liabilities

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Lease liabilities		
Current	\$53,795	\$33,167
Non-current	<u>213,128</u>	<u>86,932</u>
Total	<u><u>\$266,923</u></u>	<u><u>\$120,099</u></u>

Please refer to Note 6(19)(4) for the interest on lease liabilities recognized during the year ended 31 December 2022 and 2021, and refer to Note 12(5) - Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2022	2021
Buildings	\$44,176	\$23,706
Land	2,178	2,137
Transportation equipment	1,868	2,123
Land improvement	1,859	1,690
Total	<u>\$50,081</u>	<u>\$29,656</u>

C. Income and costs relating to leasing activities

	2022	2021
The expenses relating to short-term leases	\$6,819	\$8,276

D. Cash outflow relating to leasing activities

During the year ended 31 December 2022 and 2021, the Group's total cash out-flows for leases amounted to \$52,215 and \$37,381, respectively.

(2) Group as a lessor

Please refer to Note 6(8) for details on the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	<u>\$4,861</u>	<u>\$4,861</u>

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of 31 December 2022 and 2021 are as follows:

	31 Dec. 2022	31 Dec. 2021
No later than one year	\$71,071	\$69,673
Later than one year but no later than two years	41,458	69,673
Later than two years but no later than three years	-	40,643
Later than three years but no later than four years	-	-
Total	<u>\$112,529</u>	<u>\$179,989</u>

(18) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function Nature	2022			2021		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits expense						
Salaries	\$323,413	\$625,011	\$948,424	\$309,467	\$605,358	\$914,825
Labor and health insurance	25,967	51,655	77,622	24,606	49,145	73,751
Pension	8,019	20,399	28,418	7,631	19,205	26,836
Other employee benefits expense	12,572	24,616	37,188	12,023	27,998	40,021
Depreciation	79,169	55,784	134,953	75,330	43,435	118,765
Amortization	7,744	30,440	38,184	9,340	24,580	33,920

According to the Company's Articles of Incorporation, if the Company makes a profit for the year, it shall contribute 2% to 8% as employee remuneration, and no more than 5% as director compensation. However, the profit shall make up for losses first, if any. The above-mentioned employee compensation shall be distributed in stocks or cash and shall be approved by the Board of Directors with more than two-thirds of the directors' attendance and a majority of the directors' consents and the results are reported to the shareholders' meeting. Information about the appropriation of employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors, please refer to the "Market Observation Post System" of the TWSE.

For the year ended 31 December 2022, employee's compensation and remuneration to the directors were accrued at \$39,592 and \$25,074, respectively, which were booked under salary expenses. The Company has not yet convened a board meeting to determine employee compensation and remuneration to directors.

The actual distribution of the employee's compensation and remuneration to the directors in 2021 were \$38,671 and \$24,491, respectively, which were consistent with the estimated amount recognized in the 2021 financial statements.

(19) Non-operating income and expenses

(a) Interest income

	2022	2021
Interest income		
Financial assets measured at amortized cost	\$14,075	\$7,020

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(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Other income		
	2022	2021
Rental income	\$4,861	\$4,861
Dividend income	1,825	11,879
Gain from lease modification	-	18
Other income	27,789	15,837
Total	<u>\$34,475</u>	<u>\$32,595</u>
(c) Other gains and losses		
	2022	2021
Foreign exchange gains (losses), net	\$50,649	\$(7,608)
Reversal of impairment loss recognised in profit or loss, investment property	11,149	-
Gains on disposal of property, plant and equipment	302	202
Gains on disposal of investment	166	110
Gains on reversal of impairment loss of investment property	-	3,262
Other losses - others	(12,231)	(4,935)
Total	<u>\$50,035</u>	<u>\$(8,969)</u>
(d) Finance costs		
	2022	2021
Interest on lease liabilities	\$2,938	\$1,364
Interest on loans from bank	1,956	1,313
Total	<u>\$4,894</u>	<u>\$2,677</u>

(20) Components of other comprehensive income

For the year ended 31 December 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss)	Income tax	After-tax amount
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$22,366	\$-	\$22,366	\$(4,473)	\$17,893
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	19,552	-	19,552	-	19,552
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	13,044	-	13,044	(2,066)	10,978
Share of gain (loss) of associates and joint ventures accounted for using equity method through other comprehensive income	11,885	-	11,885	(2,377)	9,508
Total other comprehensive income	<u>\$66,847</u>	<u>\$-</u>	<u>\$66,847</u>	<u>\$(8,916)</u>	<u>\$57,931</u>

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(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

For the year ended 31 December 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss)	Income tax	After-tax amount
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(3,391)	\$-	\$(3,391)	\$679	\$(2,712)
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	38,269	-	38,269	-	38,269
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(1,987)	-	(1,987)	363	(1,624)
Share of gain (loss) of associates and joint ventures accounted for using equity method through other comprehensive income	(4,659)	-	(4,659)	932	(3,727)
Total other comprehensive income	<u>\$28,232</u>	<u>\$-</u>	<u>\$28,232</u>	<u>\$1,974</u>	<u>\$30,206</u>

(21) Income tax

Components of the income tax expenses (income):

(a) Income tax expense recognized in profit or loss

	2022	2021
Current income tax expense:		
Current income tax charge	\$253,847	\$238,513
Adjustments in respect of current income tax of prior periods	6,395	-
Undistributed surplus for income tax	3,126	2,983
Land value increment tax	-	1,151
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	1,012	2
Total income tax expense	<u>\$264,380</u>	<u>\$242,649</u>

(b) Income tax relating to components of other comprehensive income

	2022	2021
Deferred tax expense (income):		
Exchange differences on translation of foreign operations	\$2,066	\$(363)
Remeasurements of defined benefit plans	4,473	(679)
Share of loss of associates and joint ventures accounted for using equity method through other comprehensive income	2,377	(932)
Income tax relating to components of other comprehensive income	<u>\$8,916</u>	<u>\$(1,974)</u>

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	2022	2021
Accounting profit before tax from continuing operations	<u>\$1,273,833</u>	<u>\$1,250,592</u>
Tax at the domestic rates applicable to profits in the country concerned	\$280,926	\$273,758
Adjustments in respect of current income tax of prior periods	6,395	-
Undistributed surplus for income tax	3,126	2,983
Income tax effects of non-deductible expenses on tax returns	372	120
Changed in deferred tax assets/ liabilities	61	(228)
Land value increment tax	-	1,151
Income tax effects of tax-exempt income	(26,500)	(35,135)
Total income tax expense	<u>\$264,380</u>	<u>\$242,649</u>

(d) Amounts of deferred tax assets (liabilities):

For the year ended 31 December 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized exchange gain or loss	\$153	\$(1,336)	\$-	\$(1,183)
Expected credit losses	-	7	-	7
Allowance for sales discounts	2,274	(260)	-	2,014
Unrealized loss on inventory market value decline	33	-	-	33
Impairment of investment property	4,350	(1,619)	-	2,731
Investment using the equity method	(148)	-	-	(148)
Unrealized gain on inter-affiliate accounts	294	170	-	464
Provision for warranties	12,471	2,006	-	14,477
Net defined benefit liability	9,727	20	(3,852)	5,895
Unrealized exchange profit or loss	(23,968)	-	(4,443)	(28,411)
Unused tax loss	411	-	-	411
Deferred income tax expense		<u>\$(1,012)</u>	<u>\$(8,295)</u>	
Net deferred tax liabilities	<u>\$5,597</u>			<u>\$(3,710)</u>
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	<u>\$30,283</u>			<u>\$26,602</u>
Deferred income tax liabilities	<u>\$(24,686)</u>			<u>\$(30,312)</u>

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

For the year ended 31 December 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized exchange gain or loss	\$(491)	\$644	\$-	\$153
Allowance for sales discounts	1,621	653	-	2,274
Unrealized loss on inventory market value decline	(111)	144	-	33
Impairment of investment property	10,293	(5,943)	-	4,350
Investment using the equity method	(148)	-	-	(148)
Unrealized gain on inter-affiliate accounts	556	(262)	-	294
Provision for warranties	7,744	4,727	-	12,471
Net defined benefit liability	9,038	35	654	9,727
Unrealized exchange profit or loss	(25,263)	-	1,295	(23,968)
Unused tax loss	411	-	-	411
Deferred income tax expense		\$(2)	\$1,949	
Net deferred tax liabilities	<u>\$3,650</u>			<u>\$5,597</u>
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	<u>\$30,135</u>			<u>\$30,283</u>
Deferred income tax liabilities	<u>\$(26,485)</u>			<u>\$(24,686)</u>

(e) The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as of		
		31 Dec. 2022	31 Dec. 2021	Expiration year
2019	\$2,054	\$2,054	\$2,054	2029
2020	49,393	49,393	49,393	2030
2021	39,768	39,768	39,768	2031
2022	46,952	46,952	-	2032
		<u>\$138,167</u>	<u>\$91,215</u>	

(f) Unrecognized deferred tax assets

As of 31 December 2022 and 2021, temporary differences not recognized as deferred tax assets amounted to \$27,223 and \$17,832 respectively.

(g) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group's income tax payable on the repatriation of the undistributed earnings of the foreign subsidiaries prior to the fourth quarter of 2009 has been recognized as related deferred income tax liabilities in the amount of \$58,186. The Group's surplus from foreign subsidiaries in 2019 was repatriated to the surplus before the fourth quarter of 2009 amounted to \$290,189, and the 8% substantive investment preferential tax rate was applied. Therefore, the deferred income tax liability estimated in the previous years was reversed by \$35,059 in 2019. As of 31 December 2022 and 2021, deferred income tax liabilities that were not recognized amounted to \$152,893 and \$133,891, respectively.

(h) The assessment of income tax returns

As of 31 December 2022, the assessment returns of income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved through 2020
Subsidiary - Svago International Corporation	Assessed and approved through 2020
Subsidiary - SAKURA Home Collection	Assessed and approved through 2020

As at 31 December 2022, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2021.

(22) Earnings per share

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

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

	<u>2022</u>	<u>2021</u>
(a) Basic earnings per share		
Net profit attributable to ordinary stockholders	<u>\$1,018,940</u>	<u>\$1,010,345</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>218,808</u>	<u>218,808</u>
Basic earnings per share (NT\$)	<u>\$4.66</u>	<u>\$4.62</u>

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	<u>2022</u>	<u>2021</u>
(b) Diluted earnings per share		
Net profit attributable to ordinary stockholders	\$1,018,940	\$1,010,345
Net profit after adjusting the dilution effect (in thousands)	<u>\$1,018,940</u>	<u>\$1,010,345</u>
Weighted average number of ordinary shares outstanding (in thousands)	218,808	218,808
Effect of dilution:		
Employee compensation—stock (in thousands)	<u>849</u>	<u>561</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>219,657</u>	<u>219,369</u>
Diluted earnings per share (NT\$)	<u>\$4.64</u>	<u>\$4.61</u>

There has not been other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date that the financial statements were authorized for issuance.

7. RELATED PARTY TRANSACTIONS

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

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Sakura Bath and Kitchen (China) Co., Ltd. (hereinafter referred to as Sakura China)	Invested company evaluated by equity method
PUDA Industrial Co., Ltd. (hereinafter referred to as PUDA)	Invested company evaluated by equity method
Sakura Bath and Kitchen Products (Shunde) Co., Ltd. (hereinafter referred to as Sakura Shunde)	Subsidiary of the invested company evaluated by the equity method

Significant transactions and balances with related parties

(a) Sales

	<u>2022</u>	<u>2021</u>
Subsidiaries of the invested company evaluated by the equity method	<u>\$71,071</u>	<u>\$67,457</u>

The sales price of the Group to related parties is not significantly different from any third parties. The credit terms range from two to three months after monthly-closing, T/T. In addition, the subsidiary of the Group has leased a factory to the related party, Sakura Bath and Kitchen Products (Shunde) Co., Ltd. since October 2009. The rental income from the operating income for 2022 and 2021 was \$71,071 and \$67,457, respectively.

(b) Purchases

	<u>2022</u>	<u>2021</u>
Subsidiary of the invested company evaluated by the equity method	\$23,049	12,879
Invested company evaluated by equity method	16,449	22,265
Total	<u>\$39,498</u>	<u>\$35,144</u>

The terms of purchases and payment of the Group from related parties is not significantly different from any third parties.

(c) Accounts payables

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Invested company evaluated by equity method	\$2,812	\$934
Subsidiary of the invested company evaluated by the equity method	2,412	2,208
Total	<u>\$5,224</u>	<u>\$3,142</u>

(d) Endorsements and guarantees

Please refer to Note 9(3) for details of the guarantees provided by the Group for related corporate borrowings. For details, please refer to Note 13(1)(b) - Information on reinvestments.

(e) Key management personnel compensation

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$109,448	\$100,750
Post-employment benefits	728	632
Total	<u>\$110,176</u>	<u>\$101,382</u>

8. PLEDGED ASSETS

The following assets were pledged:

Item	Carrying amount		Purpose of collateral
	31 Dec. 2022	31 Dec. 2021	
Property, plant and equipment	\$878,518	\$892,795	Short-term and long-term loans
Investment property	99,753	97,294	Short-term loans
Total	<u>\$978,271</u>	<u>\$990,089</u>	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (a) As of 31 December 2022, the Group's unused letters of credit amounted to CN\$5,992,061.
- (b) As of 31 December 2022, the Group's remaining balance due to construction in progress and loans was \$418,900.
- (c) Information about endorsement and guarantee to others as of 31 December 2022, please refer to Note 13(1)(b).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Financial instruments

<u>Financial assets</u>	31 Dec. 2022	31 Dec. 2021
Gains or losses on financial assets at fair value through profit or loss		
Financial assets at fair value through other comprehensive income	\$108,357	\$239,391
Financial assets measured at amortized cost		
Cash and cash equivalents (exclude cash on hand)	2,036,762	1,849,085
Financial assets measured at amortized cost	171,778	108,131
Contract assets - current	183,142	169,648
Notes receivables	111,022	93,525
Accounts receivables	1,052,556	1,204,884

Financial liabilities

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Financial liabilities at amortized cost		
Short-term loans	\$39,099	\$21,212
Contract liability - current	123,819	120,591
Notes payables	6,584	3,403
Accounts payables	1,393,660	1,450,762
Other payables	725,537	717,902
Lease liabilities (current and non-current)	266,923	120,099

(2) Financial risk management objectives and policies

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

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

(3) Market risk

The Group's market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risks (such as equity instruments).

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

Foreign currency risk

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

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The impact of foreign currency appreciation/depreciation on the Group's profit and loss. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for US\$, CN\$ and VND. The sensitivity analysis information is as follows:

- (a) When the exchange rate of NT\$ to US\$ is appreciated/depreciated by 1%, the profit and loss of the Group for the years of 2022 and 2021 from 1 January to 31 December is increased by \$3,555 and \$4,407, respectively. The equity is reduced by \$7,765 and \$7,615, respectively.
- (b) When the exchange rate of NT\$ to CN\$ is appreciated/depreciated by 1%, the profit and loss of the Company for the years of 2022 and 2021 from 1 January to 31 December is increased by \$3,768 and \$3,325, respectively. The equity is reduced/increased by \$702 and \$687, respectively.
- (c) When the exchange rate of NT\$ to VND\$ is appreciated/depreciated by 1%, the profit and loss of the Company for the years of 2022 and 2021 from 1 January to 31 December is increased/reduced by \$61 and \$206, respectively.

Interest rate risk

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

Equity price risk

The fair value of the Group's listed and unlisted equity securities and the conversion rights in the issued overseas convertible corporate bonds will be affected by the fair value of the uncertainty of the future value of the investment securities. The listed and unlisted equity securities held by the Group are included in the holdings for trading and provisioning, respectively. The conversion rights of the overseas convertible corporate bonds issued are non-compliance with the definition of equity elements, therefore, they are financial liabilities at fair value through profit or loss. The Group manages the equity price risk through diversifying and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors must review and approve all equity investment decisions.

When the price of the Group's listed equity securities held for sale increases/decreases by 1%, the Group's equity would increase/decrease by \$926 and \$2,237, respectively, from 1 January to 31 December 2022 and 2021.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for contract assets, accounts, notes receivables, and lease payments receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk assessment for all customers are based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures (such as requesting for prepayment).

As of 31 December 2022 and 2021, amounts receivable from top ten customers represented 31.17% and 32.39% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank loans. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
As of 31 Dec. 2022					
Short-term loans	\$39,961	\$-	\$-	\$-	\$39,961
Notes and accounts payables	1,400,244	-	-	-	1,400,244
Other payables	725,537	-	-	-	725,537
Lease liabilities	57,946	39,283	66,590	120,587	284,406
As of 31 Dec. 2021					
Short-term loans	\$21,598	\$-	\$-	\$-	\$21,598
Notes and accounts payables	1,454,165	-	-	-	1,454,165
Other payables	717,902	-	-	-	717,902
Lease liabilities	34,409	47,912	23,434	18,049	123,804

(6) Reconciliation of liabilities arising from financing activities

Information on the reconciliation of liabilities from January 1 to December 31, 2022:

	Short-term loans	Lease liabilities	Long-term loans	Total
As of 1 Jan. 2022	\$21,212	\$120,099	\$-	\$141,311
Non-cash changes	-	191,283	-	191,283
Cash flows	16,119	(45,396)	-	(29,277)
Changes in Foreign Exchange Rates	1,768	937	-	2,705
As of 31 Dec. 2022	<u>\$39,099</u>	<u>\$266,923</u>	<u>\$-</u>	<u>\$306,022</u>

Information on the reconciliation of liabilities from January 1 to December 31, 2021:

	Short-term loans	Lease liabilities	Long-term loans	Total
As of 1 Jan. 2021	\$454	\$90,097	\$16,120	\$106,671
Received through merger	39,201	-	-	39,201
Non-cash changes	-	59,107	-	59,107
Cash flows	(18,443)	(29,105)	(16,120)	(63,668)
As of 31 Dec. 2021	<u>\$21,212</u>	<u>\$120,099</u>	<u>\$-</u>	<u>\$141,311</u>

(7) Fair value of financial instruments

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

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

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

- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- D. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(b) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivatives

The Group did not hold derivatives for trading as of 31 December 2022 and 31 December 2021.

(9) Fair value measurement hierarchy

(a) Definition of fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

As of 31 Dec. 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value:				
Fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$92,625	\$-	\$15,732	\$108,357

As of 31 Dec. 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value:				
Fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$223,659	\$-	\$15,732	\$239,391

Transfer between the level 1 and the level 2 during the period

During the year of 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period

The assets and liabilities measured by the Group's repetitive fair value are the level 3 of the fair value hierarchy. The adjustment of the opening balance to the ending balance is as follows:

	Assets
	Financial assets measured at fair value through other comprehensive gains and losses
	Stock
As of 1 January 2022	\$15,732
Total gains and losses recognized in 2022:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses”)	-
As of 31 December 2022	\$15,732
As of 1 January 2021	\$15,732
Total gains and losses recognized in 2021:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses”)	-
As of 31 December 2021	\$15,732

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Significant unobservable input value information at the level 3 of the fair value hierarchy

The assets of the Group's fair value hierarchy are measured at the fair value. The significant unobservable inputs for fair value measurement are listed in the following table:

As of 31 December 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets: Through other comprehensive gains and losses as measured by fair value					
Stock	Cost method	Discount for lack of liquidity	35%	The higher the degree of lack of liquidity, the lower the estimated fair value	When the percentage of lack of liquidity increases (decreases) by 1%, the company's equity would decrease/increase by NT\$157 thousand.

As of 31 December 2021:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets: Through other comprehensive gains and losses as measured by fair value					
Stock	Cost method	Discount for lack of liquidity	35%	The higher the degree of lack of liquidity, the lower the estimated fair value	When the percentage of lack of liquidity increases (decreases) by 1%, the company's equity would decrease/increase by NT\$157 thousand.

Valuation process used for Level 3 fair value measurements

The Group's Financial Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies at each reporting date.

- (c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of 31 Dec. 2022

	Level 1	Level 2	Level 3	Total
Listing only fair value assets:				
Investment property (Details refer to Note 6(8))	\$-	\$-	\$369,714	\$369,714

As of 31 Dec. 2021

	Level 1	Level 2	Level 3	Total
Listing only fair value assets:				
Investment property (Details refer to Note 6(8))	\$-	\$-	\$314,917	\$314,917

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	31 Dec. 2022			31 Dec. 2021		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Financial assets</u>						
<u>Monetary items:</u>						
US\$	\$11,912	30.7080	\$365,794	\$16,338	27.6900	\$452,399
CN\$	122,148	4.4175	539,589	112,883	4.3406	489,980
VND\$	44,209,384	0.0013	57,472	55,730,653	0.0012	66,877

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	31 Dec. 2022			31 Dec. 2021		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Long-term equity investment by equity method</u>						
US\$	\$25,286	30.7080	\$776,489	\$27,502	27.6900	\$761,525
CN\$	15,885	4.4175	70,170	15,822	4.3406	68,678
<u>Financial liabilities</u>						
<u>Monetary items:</u>						
US\$	\$335	30.7080	\$10,287	\$421	27.6900	\$11,657
CN\$	36,859	4.4175	162,825	36,283	4.3406	157,490
VND\$	39,548,379	0.0013	51,413	38,605,674	0.0012	46,327

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Due to the wide variety of individual functional currencies of the Group, it is not possible to disclose the exchange rate gains and losses information of monetary financial assets and financial liabilities in accordance with each significant foreign currency. The foreign exchange rate gain / loss of the Group in the year of 2022 and 2021 were \$50,649 and \$(7,608), respectively.

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. OTHER DISCLOSURE

(1) Information of significant transactions:

(a) Loans to others: None.

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
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(b) Provision of endorsement and guarantees to others:

No.	Endorser/ guarantor (company name)	Endorsed/guaranteed party		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount during the year	Outstanding endorsement/ guarantee amount at 31 Dec. 2022 (Note 3)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Company name	Relationship										
0	Taiwan Sakura Corporation	Svago International Corporation	Parent company and subsidiary	\$1,983,526	\$60,000	\$30,000	\$-	\$-	0.53%	\$1,983,526	Y	N	N
0	Taiwan Sakura Corporation	Sakura home Corporation	Parent company and subsidiary	1,983,526	230,000	230,000	-	-	4.06%	1,983,526	Y	N	N
1	Svago International Corporation	Taiwan Sakura Corporation	Parent company and subsidiary	187,957	88,829	\$67,525	-	-	17.96%	451,097	N	Y	N

Note 1: (1) If Taiwan Sakura Corporation provides guarantee endorsement to a single entity in which it directly or indirectly holds more than 50% of the voting shares, its endorsement guarantee limit shall not exceed 35% of the net value of the Company.

(2) The amount of endorsement of a single entity guaranteed by Svago International Corporation shall not exceed 50% of the net value of its most recent financial statement.

Note 2: (1) The total amount of endorsement guarantees of Taiwan Sakura Corporation was limited to 35% of the net value as of 31 December 2022.

(2) The total amount of the endorsement guarantee of Svago International Corporation was limited to 120% of the net value of its most recent financial report.

Note 3: The amount approved by the Board of Directors should be filled out. However, where the board of directors authorizes the chairman of the Board of Directors to determine the amount in accordance with paragraph 8, Article 12 of the Public Offering Group's Fund Loan and Endorsement Guarantee Processing Guidelines, the amount shall refer to the amount determined by the board.

(c) The holding of securities at the end of the period (excluding subsidiaries, affiliates and joint ventures):

Holding company	Type of securities	Name of securities	Relationship between issuer of securities and the Company	Account name	End of period				
					Number of shares / unit	Book amount	Shareholding ratio	Fair value	Remark
Taiwan Sakura Corporation	Stock	Sakura Development Co., Ltd.	-	Financial assets measured at fair value through other comprehensive gains and losses - non-current	1,667,133	\$53,182	-	\$53,182	
Svago International Corporation	"	Sakura Development Co., Ltd.	-	"	1,236,462	39,443	-	39,443	
Taiwan Sakura Corporation	"	Hanshin Asset Management	-	"	1,300,233	10,532	0.60%	10,532	
Taiwan Sakura Corporation	"	Taichung International Entertainment	-	"	2	3,465	0.06%	3,465	
Taiwan Sakura Corporation	"	Grand Hi-Lai Hotel	-	"	784	-	-	-	
Taiwan Sakura Corporation	"	Yamay International Development Co., Ltd.	-	"	130	-	-	-	
Svago International Corporation	"	Taichung International Entertainment	-	"	1	1,735	0.03%	1,735	
				Total		<u>\$108,357</u>		<u>\$108,357</u>	

(d) Acquisition or sale of the same security with the accumulated amount exceeding NT\$300 million or 20% of the Company's paid-in capital or more: None.

(e) Acquisition of real estate reaching NT\$300 million or 20% of paid-up capital or more. None.

(f) Disposal of real estate reaching NT\$300 million or 20% of paid-up capital or more: None.

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(g) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of the paid-up capital or more. The details are as follows:

Company Name	Counter-party	Relationship	Transactions				Differences in transaction terms compared to third party transactions		Note and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Taiwan Sakura Corporation	Svago International Corporation	Subsidiary	Sales	\$374,210	4.9%	3 months after monthly-closing	Product standard cost plus 5%	Regular	\$39,275	3.5%	

(h) Receivables from related party reaching NT\$100 million than 20% of the paid-up capital or more: None.

(i) Engaged in derivatives trading: None.

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(j) Significant inter-company transactions during the reporting periods are as follows:

No (Note 1)	Company	Counterparty	Relationship (Note 2)	Transactions			
				General ledger account	Amount	transaction terms	Percentage of total assets (Note 3)
0	Taiwan Sakura Corporation	Svago International Corporation	1	Sales	\$374,210	Product standard cost plus 5%	4.56%
0	Taiwan Sakura Corporation	Svago International Corporation	1	Account receivable	\$39,275	Actual remittance method	0.45%
1	Svago International Corporation	Taiwan Sakura Corporation	2	Purchases	\$374,210	Product standard cost plus 5%	4.56%
1	Svago International Corporation	Taiwan Sakura Corporation	2	Account payable	\$39,275	Actual remittance method	0.45%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. The parent company is 0.
2. The subsidiaries are numbered in order starting from '1'.

Note 2: There are three types of relationships between transaction company and counterparty:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The important transaction of this table may be determined by the company according to the principle of materiality.

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(2) Information on investees:

- (a) Names, locations, main business items, initial investment amount, shareholding at the end of the period, current profit and loss and the recognized investment income and loss: (excluding investees in mainland China)

Investor	Investee	Location	Main business items	Initial investment amount		Shares held as of 31 Dec. 2022			Investee company's current (loss) profit	Investment (loss) income recognized by the Group	Note
				Balance as of 31 Dec. 2022	Balance as of 31 Dec. 2021	Number of shares	Ownership (%)	Book value			
Taiwan Sakura Corporation	PUDA Industrial Co., Ltd.	No. 118, Section 2, Hefei Road, Haifengli, Qingshui District, Taichung City	Manufacture and processing of strengthened plastic products and buy and sell sanitary ware, building materials equipment, machinery and car accessories, etc.	\$101,000	\$101,000	12,800,419	43.19%	\$195,315	\$7,929	\$3,425	
Taiwan Sakura Corporation	Sakura Enterprise (B.V.I.) Ltd.	P.O.Box 3440, Road Town, Tortola, British Virgin Islands	Investment company	223,903	223,903	17,153,171	100.00%	1,634,014	104,441	104,441	
Taiwan Sakura Corporation	Svago International Corporation	No. 303, Section 4, Yatan Road, Daya District, Taichung City	Gas equipment, parts manufacturing and leasing business	657,882	657,882	11,959,750	100.00%	230,135	70,822	70,822	
Taiwan Sakura Corporation	SAKURA Home Collection Co., Ltd.	3F., No. 436, Sec. 4, Yatan Rd., Daya Dist., Taichung City	Interior decoration, electrical appliance installation, kitchenware and bathroom equipment installation project	250,000	150,000	25,000,000	100.00%	107,667	(50,134)	(50,134)	
Taiwan Sakura Corporation	SAKURA PAN PACIFIC HOLDINGS (SINGAPORE)PTE.LTD.	80 Robinson Road #02-00 Singapore	Holding company	USD4,000,000	USD4,000,000	4,000,000	100.00%	100,870	(9,433)	(9,433)	

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Investor	Investee	Location	Main business items	Initial investment amount		Shares held as of 31 Dec. 2022			Investee company's current (loss) profit	Investment (loss) income recognized by the Group	Note
				Balance as of 31 Dec. 2022	Balance as of 31 Dec. 2021	Number of shares	Ownership (%)	Book value			
Sakura Enterprise (B.V.I.) Ltd.	SAKURA (CAYMAN) CO., LTD.	P.O. Box 3440, Road Town, Tortola, British Virgin Islands	Investment Group	USD5,850,000	USD5,850,000	5,850,000	45.00%	776,489	131,054	58,974	Note 1
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE.LTD.	Mekong Trading Corporation	No. 30 TraLuong Street, Ward 2, Tan Binh District, Ho Chi Minh City	Manufacturing and trading gas of equipment and parts	USD2,837,166	USD2,837,166	2,028,000	54.99%	67,282	(13,963)	(11,591)	Note2

Note 1: The current profit and loss of SAKURA (CAYMAN) CO., LTD. includes its investment interests recognized by Sakura Bath and Kitchen Products (China) Co., Ltd. by equity method.

Note 2: Investment income recognized by the Group contains amortization of premiums.

(3) Information of investment in Mainland China:

(a) The details of the Group's investment in China through the Sakura Enterprise (B.V.I.) Ltd. are as follows:

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Group (direct or indirect)	Investment income (loss) recognized by the Group for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Sakura Bath and Kitchen Products (China) Co., Ltd.	Kitchen appliances	\$1,413,600 (CNS 320,000,000)	Investing in a third region to set up a Company to reinvest in mainland companies	\$371,898 (USD12,110,786)	\$-	\$-	\$371,898 (USD12,110,786)	\$157,618	44.39% (Note 3)	\$69,967	\$852,396	\$1,209,387 (USD31,811,100) (RMB52,638,715)

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Group (direct or indirect)	Investment income (loss) recognized by the Group for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	Kitchen appliances and real estate leasing industry	429,912 (US\$14,000,000)	Investing in a third region to set up a Company to reinvest in mainland companies	-	-	-	-	31,243	100.00%	31,243	411,728	-
Kunshan Hongyu Trading Co., Ltd.	Household appliances, electronic products, communication equipment	3,413 (US\$111,159)	Investing in a third region to set up a Company to reinvest in mainland companies	-	-	-	-	652	100.00%	652	10,543	-
Kunshan Jingye Consulting Co., Ltd.	Corporate investment, management consulting services	2,118 (US\$68,977)	Investing in a third region to set up a Company to reinvest in mainland companies	-	-	-	-	395	100.00%	395	6,432	-
Kunshan Yuntian Trading Co., Ltd.	Household appliances, electronic products, communication equipment	1,811 (US\$58,961)	Investing in a third region to set up a Company to reinvest in mainland companies	-	-	-	-	347	100.00%	347	5,699	-
Kunshan Haohui Consulting Co., Ltd.	Corporate image, corporate marketing, exhibition planning consultation	1,741 (US\$56,681)	Investing in a third region to set up a Company to reinvest in mainland companies	-	-	-	-	331	100.00%	331	5,413	-

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Group (direct or indirect)	Investment income (loss) recognized by the Group for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Kunshan Zhanye Consulting Co., Ltd	Business information consulting service	442 (CNS100,000)	Investing in a third region to set up a Company to reinvest in mainland companies	-	-	-	-	27	100.00%	27	718	-

At the end of the period, the accumulated amount of remittance from Taiwan to the Mainland China	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investment
\$371,898 (USD 12,110,786)	\$1,381,939 (USD 45,002,573)(Note 1)	\$3,400,330 (Note 2)

Note 1: The investment amount approved by the MOEA is US\$45,002,573 (excluding the amount of surplus remittance), of which US\$13,800,000 and US\$13,213,043 are the surplus investment of the third regional investment cause (B.V.I.) to reinvest Sakura Kitchen Products (Huanan) Co., Ltd. and Sakura Kitchen Products (China) Co., Ltd. US\$1,995,100 are the surplus of the third regional investment business (i.e. B.V.I.) to invest in Kunshan Hongyi Trading Co., Ltd., Kunshan Jingye Consulting Co., Ltd., Kunshan Yuntian Trading Co., Ltd., Kunshan Haohui Consulting Co., Ltd. and Kunshan Zhanye Consulting Co., Ltd.

Note 2: According to the regulations of the Investment Commission, Ministry of Economic Affairs, the investment limit of the Group to the mainland is 60% of its net value.

Note 3: This is the overall shareholding ratio, including shareholding ratio of 2.78% in B.V.I., the shareholding ratio of 1.11% in Kunshan Honghu Trading Co., Ltd., Kunshan Jingye Consulting Co., Ltd., Kunshan Yuntian Trading Co., Ltd., Kunshan Haohui Consulting Co., Ltd. and Kunshan Zhanye Business Consulting Co., Ltd., and shareholding ratio of 40.50% in SAKURA (CAYMAN) CO., LTD., totaling 44.39%.

(b) For information on major transactions between the Group and the mainland reinvestment company and its price and payment terms, please refer to Note 7.

(4) Information of major shareholders

As of 31 Dec. 2022

Name	Shares	Ownership (Shares)	Ownership (%)
Fubon Life Insurance Co., LTD.		16,613,000	7.51%
Jin Rong Investment Co., Ltd.		14,200,501	6.42%
Yuan Chi Investment, Ltd.		13,311,536	6.02%
Ko Li Te Investment, Ltd.		13,268,176	6.00%
Chin Yeh Investment Co., Ltd.		12,194,000	5.51%

14. Department information

For management purposes, the Group classifies operating units according to different strategic institutions and is divided into the following four reporting departments:

1. Gas Appliances Department: This department is primarily responsible for the manufacturing and trading of gas appliances.
2. Kitchenware Department: This department is mainly responsible for the manufacturing and trading of system kitchenwares and parts.
3. Sakura Enterprise (British Virgin Islands) Ltd. (hereinafter referred to as B.V.I.): The department is mainly engaged in financial investment.
4. Sakura Bath and Kitchen (Huanan) Co., Ltd. (hereinafter referred to as Huanan): The department is mainly engaged in property leasing.

The Company has other operating departments that do not meet the quantitative threshold; they mainly engage in import business, international business and administrative affairs.

The aforementioned reporting operations department did not aggregate more than one operating department.

The management individually monitors the operational results of its business units to make decisions on resource allocation and performance assessment. The performance of the department is assessed based on pre-tax profit and loss. The accounting policies of the reporting department are the same as the summary of the Group's important accounting policies. However, the income tax on the consolidated financial statements is managed based on Group and is not allocated to the operating department.

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The transfer pricing between operational departments is based on regular transactions similar to external third parties.

(1) The information on the profit and loss and assets of the departments should be reported as follows:

2022

	Gas Appliances Department	Kitchenware Department	B.V.I.	Huanan	Other Departments	Adjustment and elimination	Total
Income							
Revenue from external customers	\$4,973,652	\$2,138,570	\$-	\$71,071	\$1,029,569	\$-	\$8,212,862
Inter-department income	377,352	-	-	-	-	(377,352)	-
Interest income	2,278	-	4,217	2,787	4,793	-	14,075
Total income	<u>\$5,353,282</u>	<u>\$2,138,570</u>	<u>\$4,217</u>	<u>\$73,858</u>	<u>\$1,034,362</u>	<u>\$(377,352)</u>	<u>\$8,226,937</u>
Interest expense	\$2,505	\$864	\$11	\$-	\$1,913	\$(399)	\$4,894
Depreciation and amortization	59,575	45,142	1,386	16,903	43,015	7,116	173,137
Investment (loss)gain	-	-	96,351	-	120,871	(148,692)	68,530
Department profit and loss	<u>\$1,184,638</u>	<u>\$257,263</u>	<u>\$104,730</u>	<u>\$41,510</u>	<u>\$(157,280)</u>	<u>\$(157,028)</u>	<u>\$1,273,833</u>
Long-term equity investment by equity method	\$-	\$-	\$1,270,405	\$-	\$2,284,788	\$(2,513,219)	\$1,041,974
Capital expenditure	28,612	9,853	-	2,575	57,917	-	98,957
Departmental assets	<u>\$2,277,787</u>	<u>\$1,965,327</u>	<u>\$1,641,495</u>	<u>\$418,140</u>	<u>\$5,149,451</u>	<u>\$(2,761,353)</u>	<u>\$8,690,847</u>
Department debt	<u>\$1,440,044</u>	<u>\$718,302</u>	<u>\$7,481</u>	<u>\$6,411</u>	<u>\$898,482</u>	<u>\$(102,354)</u>	<u>\$2,968,366</u>

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

2021

	Gas Appliances Department	Kitchenware Department	B.V.I.	Huanan	Other Departments	Adjustment and elimination	Total
Income							
Revenue from external customers	\$4,822,460	\$1,859,383	\$-	\$67,457	\$820,062	\$-	\$7,569,362
Inter-department income	328,570	-	-	-	-	(328,570)	-
Interest income	119	-	180	2,401	4,320	-	7,020
Total income	<u>\$5,151,149</u>	<u>\$1,859,383</u>	<u>\$180</u>	<u>\$69,858</u>	<u>\$824,382</u>	<u>\$(328,570)</u>	<u>\$7,576,382</u>
Interest expense	\$1,295	\$105	\$-	\$-	\$1,280	\$(3)	\$2,677
Depreciation and amortization	56,969	34,617	-	16,675	47,890	(3,466)	152,685
Investment (loss)gain	-	-	86,657	-	92,214	(116,454)	62,417
Department profit and loss	<u>\$1,208,749</u>	<u>\$267,897</u>	<u>\$66,488</u>	<u>\$37,061</u>	<u>\$(205,757)</u>	<u>\$(123,846)</u>	<u>\$1,250,592</u>
Long-term equity investment by equity method	\$-	\$-	\$1,214,304	\$-	\$2,099,999	\$(2,291,494)	\$1,022,809
Capital expenditure	40,441	38,947	-	-	214,044	-	293,432
Departmental assets	<u>\$2,477,143</u>	<u>\$1,875,037</u>	<u>\$1,516,191</u>	<u>\$378,234</u>	<u>\$4,518,854</u>	<u>\$(2,485,913)</u>	<u>\$8,279,546</u>
Department debt	<u>\$1,489,766</u>	<u>\$570,844</u>	<u>\$5,524</u>	<u>\$4,301</u>	<u>\$800,497</u>	<u>\$(33,539)</u>	<u>\$2,837,393</u>

- (2) The reporting of each departments' revenue, profit and loss, assets, liabilities and other major items should be adjusted

In 2022 and 2021, the Group did not have any adjustments regarding each department's revenue, profit and loss, assets, liabilities, and other major items.

- (3) Regional financial information

- (a) Revenue from external customers:

Country	2022	2021
Taiwan	\$7,459,733	\$6,965,488
China (including HK)	535,973	505,109
Vietnam	137,639	14,697
Other regions	79,517	84,068
Total	<u>\$8,212,862</u>	<u>\$7,569,362</u>

Revenue is categorized based on the country in which the customer is located.

Taiwan Sakura Corporation and Subsidiaries Notes to Consolidated Financial Statements (continued)
 (Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Non-current assets:

Country	31 Dec. 2022	31 Dec. 2021
Taiwan	\$2,786,729	\$2,720,545
China (including HK)	1,106,240	1,097,491
Vietnam	8,598	13,828
Other regions	\$3,901,567	\$3,831,864

(4) Important customer information

The customers of the Group in 2022 and 2021 in which the sales of goods accounted for more than 10% of the income on the income statement were:

Customer	2022		2021		Department completed the sales
	Sales amount	Percentage	Sales amount	Percentage	
Company A	\$1,504,715	18.32	\$1,413,513	18.67	Gas Appliances Department
Company B	751,329	9.15	762,382	10.07	Gas Appliances Department

(Appendix II)

Taiwan Sakura Corporation

Parent Company Only Financial Statements

With Independent Auditors' Report

For The Years Ended

31 December 2022 And 2021

Address: No. 436, Section 4, Yatan Road, Daya District, Taichung City

Company phone number: (04) 25666106

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

Independent Auditors' Report

To Taiwan Sakura Corporation:

Opinion

We have audited the accompanying parent company only balance sheets of Taiwan Sakura Corporation (the "Company") as of 31 December 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and 2021, and their financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 judgement, were of most significance in our audit of 2022 parent company only financial statements. 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.

Income recognition

The Company recognized operating income of NT\$7,571,601 thousand in 2022. The main products are gas cookers, water heaters and kitchen appliances. The main trading partners of the Company are dealers and retailers. The transactions are frequent and of great volume, and the number of contract types is numerous. The judgment and decision on the performance obligation and the time of satisfaction are important to the parent company only financial statements. Therefore, we determined it as a key audit matter. Our audit procedures include, but are not limited to, understanding and testing of the effectiveness of the parent company's internal control related to income recognition in the sales cycle; selecting samples to perform test of details of transactions and reviewing the revenue recognition requirements in orders or contracts to meet the performance obligations; verifying the significant terms and conditions and checking the relevant supporting documents to confirm the accuracy of the timing to transfer commodity rights; examining the relevant supporting documents of the income transaction for a period of time before and after the balance sheet date to determine if that income was recognized at the appropriate timing. We also considered the appropriateness of the disclosure of operating income in Note 6 of the parent company only financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

The financial statements of some of the investee companies included in the parent company only financial statements were not audited by us, the independent accountant, but by other accountants. Therefore, our opinion expressed herein and the amounts listed in the parent company only financial statements of the investee companies are based solely on the audit reports of other auditors. The investments in the investee companies accounted for using the equity method as of 31 December 2022 and 2021 amounted to NT\$1,041,974 thousand and NT\$1,022,809 thousand, respectively, accounting for 12% and 13% of the total assets. For the years ended 31 December 2022 and 2021, the shares of profit and loss of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT\$68,530 thousand and NT\$62,417 thousand, respectively, accounting for 5% and 5% of the net income before tax, respectively. For the years ended 31 December 2022 and 2021, the shares of other comprehensive income of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT\$11,885 thousand and NT\$(4,659) thousand, respectively, accounting for 22% and (15)% of the other comprehensive income, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of 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 the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. 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 the parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Huang, Yu-Ting
Huang, Tzu-Ping
Ernst & Young, Taiwan
14 March 2023

Notes to Readers

The accompanying parent company only financial statements are intended only to present the parent company's statement of financial position, financial performance and its cash flows in accordance with the 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 the parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and the parent company only financial statements, the Chinese version shall prevail.

Taiwan Sakura Corporation
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of				
		31 December 2022		31 December 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	4, 6(1)	\$1,341,046	16	\$1,254,108	16
1140	Contract assets, current	4, 6(15),(16)	183,142	2	169,648	2
1150	Notes receivable, net	4, 6(2),(16)	110,632	1	93,375	1
1170	Accounts receivable, net	4, 6(2),(16), 7	999,514	12	1,129,403	14
130X	Inventories	4, 6(3)	1,044,374	13	858,975	11
1410	Prepayment		42,019	1	40,288	1
1470	Other current assets		11,928	-	12,311	-
11XX	Total current assets		3,732,655	45	3,558,108	45
Non-current assets						
1517	Financial assets at fair value through other comprehensive income, non-current	4, 6(4)	67,179	1	203,898	3
1550	Investment accounted for using equity method	4, 6(5)	2,268,001	27	2,083,581	26
1600	Property, plant and equipment	4, 6(6), 8	1,753,311	21	1,715,174	22
1755	Right-of-use assets	4, 6(17)	149,778	2	55,049	1
1760	Investment property, net	4, 6(7), 8	192,619	3	183,433	2
1780	Intangible assets	4, 6(8)	16,778	-	21,370	-
1840	Deferred income tax assets	4, 6(21)	25,189	-	28,901	-
1915	Prepayments for equipment		35,832	-	27,498	-
1900	Other non-current assets	4, 6(9)	108,963	1	40,987	1
15XX	Total non-current assets		4,617,650	55	4,359,891	55
1XXX	Total assets		\$8,350,305	100	\$7,917,999	100

(The accompanying notes are an integral part of the parent company only financial statements.)
(continued)

Taiwan Sakura Corporation
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity		Notes	As of			
			31 December 2022		31 December 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	4, 6(10)	\$3,138	-	\$ -	-
2130	Contract liabilities, current	4, 6(15)	110,312	1	105,645	1
2150	Notes payable		6,432	-	3,308	-
2170	Accounts payable	7	1,328,849	16	1,365,508	17
2200	Other payables	6(11),(12)	633,680	8	629,711	8
2230	Current income tax liabilities		232,427	3	220,580	3
2280	Leased liabilities, current	4, 6(17)	40,140	-	20,270	-
2300	Other current liabilities	4, 6(13)	43,423	1	40,876	1
21XX	Total current liabilities		<u>2,398,401</u>	<u>29</u>	<u>2,385,898</u>	<u>30</u>
Non-current liabilities						
2570	Deferred income tax liabilities	4, 6(21)	30,282	-	24,686	-
2580	Leased liabilities, non-current	4, 6(17)	173,882	2	34,876	-
2640	Net defined benefit liability, non-current	4, 6(12)	29,748	-	48,885	1
2600	Other non-current liabilities	6(13)	50,774	1	43,540	1
25XX	Total non-current liabilities		<u>284,686</u>	<u>3</u>	<u>151,987</u>	<u>2</u>
2XXX	Total liabilities		<u>2,683,087</u>	<u>32</u>	<u>2,537,885</u>	<u>32</u>
Equity attributable to owners of parent						
31XX	Equity attributable to owners of parent	4, 6(14)				
3100	Capital					
3110	Common stock		<u>2,211,212</u>	<u>26</u>	<u>2,211,212</u>	<u>28</u>
3200	Additional paid-in capital		<u>121,350</u>	<u>1</u>	<u>112,370</u>	<u>1</u>
3300	Retained earnings					
3310	Legal reserve		830,964	10	729,523	9
3320	Special reserve		115,799	1	115,799	1
3350	Unappropriated earnings		2,437,651	30	2,249,490	29
	Total retained earnings		<u>3,384,414</u>	<u>41</u>	<u>3,094,812</u>	<u>39</u>
3400	Other components of equity					
3410	Exchange differences on translation of foreign operations		(108,057)	(1)	(125,832)	(1)
3420	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income		79,547	1	108,800	1
34XX	Total other components of equity		<u>(28,510)</u>	<u>-</u>	<u>(17,032)</u>	<u>-</u>
3500	Treasury stock		<u>(21,248)</u>	<u>-</u>	<u>(21,248)</u>	<u>-</u>
3XXX	Total equity		<u>5,667,218</u>	<u>68</u>	<u>5,380,114</u>	<u>68</u>
	Total liabilities and equity		<u>\$8,350,305</u>	<u>100</u>	<u>\$7,917,999</u>	<u>100</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

Taiwan Sakura Corporation
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the years ended 31 December			
		2022		2021	
		Amount	%	Amount	%
4000 Operating revenues	4, 6(15), 7	\$7,571,601	100	\$7,013,146	100
5000 Operating costs	6(3),(18), 7	(5,192,314)	(69)	(4,654,126)	(66)
5900 Gross profit		2,379,287	31	2,359,020	34
5910 Unrealized profit on sales		(2,319)	-	(1,471)	-
5920 Realized profit on sales		1,471	-	1,663	-
5950 Gross profit, net		2,378,439	31	2,359,212	34
6000 Operating expenses	6(16),(17),(18)				
6100 Selling and marketing expenses		(962,760)	(13)	(911,085)	(13)
6200 Management and administrative expenses		(274,377)	(3)	(261,057)	(4)
6300 Research and development expenses		(75,448)	(1)	(89,444)	(1)
6450 Expected credit gains (losses)		202	-	(293)	-
Total operating expenses		(1,312,383)	(17)	(1,261,879)	(18)
6900 Operating income		1,066,056	14	1,097,333	16
7000 Non-operating income and expenses	6(17),(19)				
7100 Interest income		5,110	-	4,314	-
7010 Other income		31,527	-	30,072	-
7020 Other gains and losses		35,227	1	4,317	-
7050 Finance costs		(1,987)	-	(766)	-
7060 Share of profit of associates and joint ventures accounted for using equity method	6(5)	119,121	2	90,595	1
Total non-operating income and expenses		188,998	3	128,532	1
7900 Income from continuing operations before income tax		1,255,054	17	1,225,865	17
7950 Income tax expense	6(21)	(236,114)	(3)	(215,520)	(3)
8200 Income from continuing operations, net of tax		1,018,940	14	1,010,345	14
8300 Total other comprehensive income	6(5),(20)				
8310 Item that may not be reclassified subsequently to profit or loss					
8311 Remeasurements of defined benefit plans		22,366	-	(3,391)	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		19,552	-	38,269	1
8349 Income tax related to items that may not be reclassified subsequently to profit or loss		(4,473)	-	679	-
8360 Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of foreign operations		10,333	-	(1,817)	-
8370 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		11,885	-	(4,659)	-
8399 Income tax related to items that may be reclassified subsequently to profit or loss		(4,443)	-	1,295	-
Total other comprehensive income (loss), net of tax		55,220	-	30,376	1
8500 Total comprehensive income		\$1,074,160	14	\$1,040,721	15
Earnings per share (NT\$)	6(22)				
9750 Earnings per share-basic		\$4.66		\$4.62	
9850 Earnings per share-diluted		\$4.64		\$4.61	

(The accompanying notes are an integral part of the parent company only financial statements.)

Taiwan Sakura Corporation
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Retained earnings				Other components of equity				Total Equity
		Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive Income	Treasury Stock	
Balance as of 1 January 2021		\$2,211,212	\$104,265	\$640,266	\$115,799	\$2,038,702	\$(120,651)	\$70,531	\$(21,248)	\$5,038,876
Appropriation of earnings, 2020										
Legal reserve				89,257		(89,257)				-
Cash dividends						(707,588)				(707,588)
Donation from shareholders			704							704
Net income in 2021						1,010,345				1,010,345
Other comprehensive income (loss), net of income tax in 2021						(2,712)	(5,181)	38,269		30,376
Total comprehensive income (loss)		-	-	-	-	1,007,633	(5,181)	38,269	-	1,040,721
Adjustment due to dividends subsidiaries received from parent company			7,401							7,401
Balance as of 31 December 2021		<u>\$2,211,212</u>	<u>\$112,370</u>	<u>\$729,523</u>	<u>\$115,799</u>	<u>\$2,249,490</u>	<u>\$(125,832)</u>	<u>\$108,800</u>	<u>\$(21,248)</u>	<u>\$5,380,114</u>
Balance as of 1 January 2022	4,6(14)	\$2,211,212	\$112,370	\$729,523	\$115,799	\$2,249,490	\$(125,832)	\$108,800	\$(21,248)	\$5,380,114
Appropriation of earnings, 2021										
Legal reserve				101,441		(101,441)				-
Cash dividends						(796,036)				(796,036)
Donation from shareholders			654							654
Net income in 2022						1,018,940				1,018,940
Other comprehensive income (loss), net of income tax in 2022						17,893	17,775	19,552		55,220
Total comprehensive income (loss)		-	-	-	-	1,036,833	17,775	19,552	-	1,074,160
Adjustment due to dividends subsidiaries received from parent company			8,326							8,326
Disposal of investments in equity instruments designated at fair value through other comprehensive income						48,805		(48,805)		-
Balance as of 31 December 2022	4,6(14)	<u>\$2,211,212</u>	<u>\$121,350</u>	<u>\$830,964</u>	<u>\$115,799</u>	<u>\$2,437,651</u>	<u>\$(108,057)</u>	<u>\$79,547</u>	<u>\$(21,248)</u>	<u>\$5,667,218</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

Taiwan Sakura Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	\$1,255,054	\$1,225,865
Adjustments:		
Adjustments to reconcile net income:		
Depreciation	97,336	89,214
Amortization	23,516	24,711
Expected credit (gain) loss	(202)	293
Interest expense	1,987	766
Interest income	(5,110)	(4,314)
Dividend income	(1,605)	(11,684)
Share of profit of associates and joint ventures accounted for using equity method	(119,121)	(90,595)
Gain on disposal of property, plant and equipment	(302)	(202)
Gain on disposal of investment property	-	(3,262)
Gain on disposal of investment	(166)	(110)
Reversal of impairment loss on non-financial assets	(11,149)	-
Gain from lease modification	-	(18)
Realized loss (gain) on inter-affiliate accounts	848	(1,084)
Changes in operating assets and liabilities:		
Increase in contract assets	(13,530)	(18,653)
(Increase) Decrease in notes receivable	(17,257)	9,510
Decrease (Increase) in accounts receivable	192,393	(124,474)
Increase in inventories	(185,399)	(238,638)
(Increase) Decrease in prepayments	(1,731)	20,166
Decrease (Increase) in other current assets	226	(1,597)
Increase in other non-current assets	(75,272)	(18,432)
Increase in contract liabilities	4,667	19,671
Increase (Decrease) in notes payable	3,124	(3,819)
(Decrease) Increase in accounts payable	(36,659)	158,193
Increase in other payables	3,969	61,095
Increase in other current liabilities	2,547	7,797
Increase in net defined benefit liabilities	124	189
Increase in other non-current liabilities	7,234	22,029
Cash generated from operations	<u>1,125,522</u>	<u>1,122,617</u>
Interest received	5,267	3,842
Dividend received	1,605	11,684
Income tax paid	<u>(223,254)</u>	<u>(210,633)</u>
Net cash provided by operating activities	<u>909,140</u>	<u>927,510</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

(continued)
 Taiwan Sakura Corporation
 PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
 For the years ended 31 December 2022 and 2021
 (Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2022	2021
(Continued)		
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	150,586	-
Acquisition of financial assets measured at fair value through profit or loss	(150,000)	(100,000)
Proceeds from disposal of financial assets measured at fair value through profit	150,166	100,110
Acquisition of investment accounted for using equity method	(100,000)	(173,524)
Acquisition of property, plant and equipment	(94,721)	(293,337)
Proceeds from disposal of property, plant and equipment	518	459
Increase in refundable deposits	(5,973)	(2,905)
Decrease in refundable deposits	315	1,064
Increase in intangible assets	(5,970)	(4,663)
Gain on disposal of investment property	-	109,490
Increase in prepayment for equipment	(17,156)	(26,489)
Dividends distributed by investment accounted for using equity method	72,566	59,798
Net cash provided by (used in) investing activities	<u>331</u>	<u>(329,997)</u>
Cash flows from financing activities:		
Increase in short-term loans	118,898	397,188
Decrease in short-term loans	(115,760)	(397,642)
Decrease in long-term loans	-	(16,120)
Lease principal repayment	(30,015)	(18,175)
Cash dividend distribution	(796,036)	(707,588)
Interest paid	(274)	(233)
Capital surplus due to donation from shareholders	654	704
Net cash used in financing activities	<u>(822,533)</u>	<u>(741,866)</u>
Net increase (decrease) in cash and cash equivalents	86,938	(144,353)
Cash and cash equivalents at beginning of period	1,254,108	1,398,461
Cash and cash equivalents at end of period	<u>\$1,341,046</u>	<u>\$1,254,108</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements

FOR THE YEARS ENDED
31 DECEMBER 2022 AND 2021

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. COMPANY HISTORY

Taiwan Sakura Corporation (“the Company”) was established on 20 October 1988. It mainly manufactures and sells gas cookers, water heaters, kitchen appliances, furniture, building materials, metal hardware parts, sports equipment, electric hand tools, sanitary equipment and whole bathroom. In the year of 1992, the company's stock was approved by the authority to be traded on the Taiwan Stock Exchange. It was officially listed on 16 July 1992. Its registered location and main operations are located at No. 436, Section 4, Yatan Road, Daya District, Taichung City.

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The parent company only financial statements of the Company for the years ended 31 December 2022 and 2021 were authorized for issue in accordance with the resolution of the Board of Directors’ meeting on 14 March 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new standards and amendments had no material impact on the Company.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

- (a) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

- (b) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

- (c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
d	Lease Liabilities in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

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

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

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

- (b) IFRS 17 “Insurance Contracts”

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

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

IFRS 17 was issued in May 2017, and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

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

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

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

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

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (1), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of Preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, investment in subsidiaries was presented in the parent company only financial statements as “Investments accounted for using equity method” and made necessary adjustments.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

(3) Foreign Currency Transactions

The parent company only financial statements are presented in New Taiwan Dollars (\$), which is also the Company’s functional currency.

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

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

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

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

(4) Translation of foreign currency financial statements

Each foreign operations of the Company determines its own functional currency and items included in the financial statements of each foreign operation are measured using that functional currency. When preparing the parent company only financial statements, the assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation or the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation, the partial disposals are also accounted for as disposals.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

- (5) The standards of which assets and liabilities are classified as current or non-current

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

- (6) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

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(7) Financial Instruments

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

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

(a) Financial instruments: recognition and measurement

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

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

- A. the Company's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
 1. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
 2. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

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Financial asset measured at fair value through profit or loss

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

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

(b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

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

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

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

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- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired
- B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

(d) Financial liabilities and equity instruments

Classification between liabilities or equity

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

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Notes to Parent Company Only Financial Statements (continued)
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Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as of fair value through profit or loss.

A financial liability is classified as held for trading if:

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

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

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Notes to Parent Company Only Financial Statements (continued)
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- A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. a group of financial assets, financial liabilities or both is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

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Notes to Parent Company Only Financial Statements (continued)
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(e) Offsetting of financial instruments

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

(8) Fair value measurement

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

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

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Notes to Parent Company Only Financial Statements (continued)
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(9) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - usually priced at standard cost, adjusted to the actual cost at the settlement date.

Finished goods and work in progress - including direct materials, direct labor and manufacturing costs. Fixed manufacturing costs are apportioned at normal capacity. In-process products and finished products are usually priced at standard cost and are adjusted to the actual cost at the settlement date.

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

(10) Investments accounted for under the equity method

The Company prepared the parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting “Investments accounted for under the equity method”, “share of profit or loss of associates and joint ventures accounted for under equity method”, and “share of other comprehensive income of associates and joint ventures accounted for using the equity method”.

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Notes to Parent Company Only Financial Statements (continued)
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The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate or an investment in a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate or an investment in a joint venture issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or an investment in a joint venture.

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Notes to Parent Company Only Financial Statements (continued)
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The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

- (a) its share of the present value of the estimated future cash flows expected to be generated by the associate or an investment in a joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

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(11) Property, plant and equipment

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

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

Item	Useful years
Buildings	4~51 years
Machinery and equipment	8~11 years
Mold equipment	2~3 years
Transportation equipment	6~16 years
Office equipment	4~8 years
Lease improvements	4~11 years
Other equipment	3~11 years

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

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

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Notes to Parent Company Only Financial Statements (continued)
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(12) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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

<u>Item</u>	<u>Useful years</u>
Buildings	3~56 Years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers to or from investment properties when there is a change in use for these assets.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

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Notes to Parent Company Only Financial Statements (continued)
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(13) Leases

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

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

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

Company as a lessee

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

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

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- (a) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

- (a) The amount of the initial measurement of the lease liability;
- (b) Any lease payments made at or before the commencement date, less any lease incentives received;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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Notes to Parent Company Only Financial Statements (continued)
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If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

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

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

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

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The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

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Patents

The patents have been granted for a period of 10 years by the relevant government agency.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

Trademark rights

Trademark rights are amortized using the straight-line method over the ten-year period of validity.

A summary of the policies applied to the Company's intangible assets is as follows:

	Patent rights	Computer software	Trademark rights
Useful lives	Finite	Finite	Finite
Amortization method used	Amortized on a straight-line basis over the period of the patent	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited to the extent that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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Provision for warranties

Warranty provisions are estimated based on management's best estimate of future economic benefits due to warranty obligations (based on historical warranty experience).

(17) Treasury shares

The Company's own equity instruments which are reacquired (treasury shares) by the Company are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(18) Revenue recognition

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

Sale of goods

The Company manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is gas cooker, water heaters, kitchen appliances, etc., and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. The Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized would not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
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The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers, and the warranty is accounted for in accordance with IAS 37.

The credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities. The period between the transfers of contract liabilities to revenue is usually within one year; thus, no significant financing component arose.

(19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(20) Post-employment benefits plans

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements.

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

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

- (a) the date of the plan amendment or curtailment, and
- (b) the date that the Company recognizes restructuring-related costs

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

(21) Income tax

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

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Current income tax

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

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

Deferred tax

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

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

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

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

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Estimates and assumptions

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

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(c) Revenue recognition – sales returns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

(d) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for unrecognized deferred tax assets.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(e) Accounts receivable -- estimation of impairment loss

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

(f) Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Demand deposits	\$1,137,634	\$1,062,248
Time deposits	202,418	190,890
Cash on hand	994	970
Total	<u>\$1,341,046</u>	<u>\$1,254,108</u>

The Company's Time deposits were not pledged.

(2) Notes receivable , accounts receivables

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Notes receivables	\$110,632	\$93,375
Less: loss allowance	-	-
Notes receivable, net	<u>110,632</u>	<u>93,375</u>
Accounts receivables	953,282	1,096,229
Accounts receivables from related parties	40,547	33,433
Less: loss allowance	<u>(21)</u>	<u>(259)</u>
Subtotal	<u>993,808</u>	<u>1,129,403</u>
Finance lease receivable due from related parties	6,437	-
Less: unearned finance income on finance lease due from related parties	<u>(767)</u>	<u>-</u>
Subtotal	<u>5,706</u>	<u>-</u>
Accounts receivables, net	<u>999,514</u>	<u>1,129,403</u>
Total	<u>\$1,110,146</u>	<u>\$1,222,778</u>

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Notes to Parent Company Only Financial Statements (continued)
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Notes receivables and accounts receivables are generally on 30-90 day terms. The total carrying amount, including notes receivables and accounts receivables, as of 31 December 2022 and 2021 were \$1,110,167 and \$1,223,037, respectively. The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(16) for more details on loss allowance of accounts receivables for the periods ended 31 December 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

Please refer to Note 6(17) for more details on finance lease receivable on machinery and equipment signed by the Company.

The Company's Notes receivable and accounts receivables were not pledged.

(3) Inventories

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Raw materials	\$352,852	\$386,074
Commodity inventory	290,379	225,497
Finished goods	266,021	133,501
Work in progress	<u>135,122</u>	<u>113,903</u>
Total	<u>\$1,044,374</u>	<u>\$858,975</u>

The cost of inventories recognized in operating costs in 2022 and 2021 from 1 January to 31 December amounted to \$5,192,314 and \$4,654,126, respectively. The inventory-related loss and net income recognized in 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Revenue from sale of scraps	\$4,459	\$5,133
Loss on physical inventory	(2,724)	(1,220)
Obsolete inventory	<u>(12,443)</u>	<u>(13,298)</u>
Net	<u>\$(10,708)</u>	<u>\$(9,385)</u>

No inventories above were pledged.

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

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Equity instrument investments designated at fair value through other comprehensive income, non-current:		
Listed stocks	\$53,182	\$189,901
Unlisted stocks	<u>13,997</u>	<u>13,997</u>
Total	<u>\$67,179</u>	<u>\$203,898</u>

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Notes to Parent Company Only Financial Statements (continued)
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The financial assets measured at fair value through other comprehensive income were not pledged.

The Company disposed of its investment in equity instrument investments designated at fair value through other comprehensive income with a fair value of \$150,586 in 2021. And converted the unrealized gain accumulated at the time of disposal of \$48,805 from other components of equity into retained earnings.

The Company did not dispose of its investment in equity instrument investments designated at fair value through other comprehensive income in 2021.

(5) Investments accounted for using the equity method

(a) The details of the investment of the Company using the equity method are as follows:

Investees	31 Dec. 2022		31 Dec. 2021	
	Amount	% of ownership	Amount	% of ownership
Investment in related companies:				
Sakura Enterprise (B.V.I.) Ltd.	\$1,634,014	100.00%	\$1,510,668	100.00%
Svago International Corporation	230,135	100.00%	215,516	100.00%
SAKURA Home Collection Co., Ltd.	107,667	100.00%	57,801	100.00%
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD.	100,870	100.00%	106,990	100.00%
Subtotal	<u>2,072,686</u>		<u>1,890,975</u>	
Investment in related companies:				
PUDA Industrial Co., Ltd.	195,315	43.19%	192,606	43.19%
Total	<u>\$2,268,001</u>		<u>\$2,083,581</u>	

The Company invested \$100,000 and \$60,000 in SAKURA Home Collection Co., Ltd. in cash in 2022 and 2021 respectively.

The investment on subsidiary's parent company only financial report is expressed as "investment using the equity method" and is evaluated as necessary.

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Notes to Parent Company Only Financial Statements (continued)
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- (b) The investment (loss) benefit and conversion adjustments recognized by the equity method in the financial statements audited by the investee company in 2022 and 2021 are as follows:

Investees	2022		2021	
	Share of profit or loss of associates and joint ventures	Exchange differences on translation of foreign operations	Share of profit or loss of associates and joint ventures	Exchange differences on translation of foreign operations
Investment in related companies:				
Sakura Enterprise (B.V.I.) Ltd.	\$104,441	\$18,905	\$65,694	\$(6,269)
Svago International Corporation	70,822	-	68,549	-
SAKURA Home Collection Co., Ltd.	(50,134)	-	(40,761)	-
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD.	(9,433)	3,313	(6,327)	(207)
Subtotal	115,696	22,218	87,155	(6,476)
Investment in related companies:				
PUDA Industrial Co., Ltd.	3,425	-	3,440	-
Total	\$119,121	\$22,218	\$90,595	\$(6,476)

- (c) The investment in related companies mentioned above were not pledged.
- (d) The Company's investment in PUDA Industrial Co., Ltd. was immaterial to the Company. The aggregated financial information of the Company's shares of investment in PUDA Industrial Co., Ltd. is listed as follows:

	2022	2021
Profit from continuing operations	\$3,425	\$3,440
Other comprehensive income, net of tax	2,484	(98)
Total comprehensive income	\$5,909	\$3,342

The investment in related companies mentioned above did not have contingent liabilities or capital commitments as of 31 December 2022 and 2021, and no pledge was provided.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(6) Property, plant and equipment

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Owner occupied property, plant and equipment	<u>\$1,753,311</u>	<u>\$1,715,174</u>

(a) Owner occupied property, plant and equipment

	Land	Buildings	Machinery equipment	Mold equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under installation	Total
Cost:									
1 Jan. 2022	\$1,273,734	\$583,812	\$286,930	\$163,557	\$59,949	\$40,719	\$78,111	\$1,587	\$2,488,399
Additions	41,130	1,083	14,855	9,566	6,210	4,392	3,901	13,584	94,721
Disposals	-	(1,047)	(6,498)	(2,320)	(7,514)	(1,230)	(4,737)	-	(23,346)
Other changes	-	-	8,822	-	-	-	-	-	8,822
31 Dec. 2022	<u>\$1,314,864</u>	<u>\$583,848</u>	<u>\$304,109</u>	<u>\$170,803</u>	<u>\$58,645</u>	<u>\$43,881</u>	<u>\$77,275</u>	<u>\$15,171</u>	<u>\$2,568,596</u>
Depreciation and impairment:									
1 Jan. 2022	\$-	\$323,481	\$162,053	\$145,470	\$50,247	\$34,668	\$57,306	\$-	\$773,225
Depreciation	-	15,976	25,020	12,263	3,991	2,384	5,556	-	65,190
Disposals	-	(1,047)	(6,332)	(2,320)	(7,514)	(1,230)	(4,687)	-	(23,130)
31 Dec. 2022	<u>\$-</u>	<u>\$338,410</u>	<u>\$180,741</u>	<u>\$155,413</u>	<u>\$46,724</u>	<u>\$35,822</u>	<u>\$58,175</u>	<u>\$-</u>	<u>\$815,285</u>
Cost:									
1 Jan. 2021	\$862,556	\$575,552	\$275,411	\$158,581	\$58,998	\$37,375	\$75,608	\$1,994	\$2,046,075
Additions	262,027	6,266	6,470	5,573	3,797	4,284	3,333	1,587	293,337
Disposals	-	-	(603)	(597)	(2,846)	(940)	(830)	-	(5,816)
Other changes	149,151	1,994	5,652	-	-	-	-	(1,994)	154,803
31 Dec. 2021	<u>\$1,273,734</u>	<u>\$583,812</u>	<u>\$286,930</u>	<u>\$163,557</u>	<u>\$59,949</u>	<u>\$40,719</u>	<u>\$78,111</u>	<u>\$1,587</u>	<u>\$2,488,399</u>
Depreciation and impairment:									
1 Jan. 2021	\$-	\$303,435	\$138,434	\$133,507	\$48,961	\$33,766	\$52,052	\$-	\$710,155
Depreciation	-	20,046	24,149	12,560	4,112	1,829	5,933	-	68,629
Disposals	-	-	(530)	(597)	(2,826)	(927)	(679)	-	(5,559)
31 Dec. 2021	<u>\$-</u>	<u>\$323,481</u>	<u>\$162,053</u>	<u>\$145,470</u>	<u>\$50,247</u>	<u>\$34,668</u>	<u>\$57,306</u>	<u>\$-</u>	<u>\$773,225</u>
Net carrying amount:									
31 Dec. 2022	<u>\$1,314,864</u>	<u>\$245,438</u>	<u>\$123,368</u>	<u>\$15,390</u>	<u>\$11,921</u>	<u>\$8,059</u>	<u>\$19,100</u>	<u>\$15,171</u>	<u>\$1,753,311</u>
31 Dec. 2021	<u>\$1,273,734</u>	<u>\$260,331</u>	<u>\$124,877</u>	<u>\$18,087</u>	<u>\$9,702</u>	<u>\$6,051</u>	<u>\$20,805</u>	<u>\$1,587</u>	<u>\$1,715,174</u>

- (b) Components of building that have different useful lives are main building structure, compartment works, utilities and firefighting equipment and renovation works, and are depreciated according to their durability years of 50, 4 and 10 years, respectively.

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Notes to Parent Company Only Financial Statements (continued)
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- (c) Please refer to Note 8 for more details on property, plant and equipment under pledge.
- (d) The Company purchased land in the amount of \$41,130 and \$47,449 in 2022 and 2021 respectively, which was categorized as agricultural land. However, the ownership was temporarily registered in the name of a third party. The Company has obtained the land ownership certificate and is applying for the mortgage rights to the land administration office.

(7) Investment property

The Company's investment properties include only its owner-occupied investment properties. The Company has entered commercial property leases on its own investment properties. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Land	Buildings	Total
Cost:			
As of 1 Jan. 2022	\$164,203	\$108,383	\$272,586
Transfer from property, plant and equipment	-	-	-
As of 31 Dec. 2022	<u>\$164,203</u>	<u>\$108,383</u>	<u>\$272,586</u>
Depreciation and impairment:			
As of 1 Jan. 2022	\$5,669	\$83,484	\$89,153
Current period depreciation	-	1,963	1,963
Gain on investment property measured at fair value	(3,058)	(8,091)	(11,149)
As of 31 Dec. 2022	<u>\$2,611</u>	<u>\$77,356</u>	<u>\$79,967</u>
	Land	Buildings	Total
Cost:			
As of 1 Jan. 2021	\$292,333	\$252,917	\$545,250
Disposals	(128,130)	(144,534)	(272,664)
As of 31 Dec. 2021	<u>\$164,203</u>	<u>\$108,383</u>	<u>\$272,586</u>
Depreciation and impairment:			
As of 1 Jan. 2021	\$70,437	\$182,145	\$252,582
Current period depreciation	-	3,007	3,007
Disposals	(64,768)	(101,668)	(166,436)
31 Dec. 2021	<u>\$5,669</u>	<u>\$83,484</u>	<u>\$89,153</u>
Net carrying amount:			
As of 31 Dec. 2022	<u>\$161,592</u>	<u>\$31,027</u>	<u>\$192,619</u>
As of 31 Dec. 2021	<u>\$158,534</u>	<u>\$24,899</u>	<u>\$183,433</u>

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Notes to Parent Company Only Financial Statements (continued)
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	2022	2021
Rental income from investment property	\$4,842	\$4,842
Less:		
Direct operating expenses from investment property generating rental income	(1,849)	(2,074)
Direct operating expenses from investment property not generating rental income	(303)	(1,975)
Total	<u>\$2,690</u>	<u>\$793</u>

For investment property pledge, please refer to Note 8.

Investment properties held by the Company are not measured at fair value but rather their fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties as of 31 December 2022 and 2021 is \$369,714 and \$314,917, respectively. The aforesaid fair value was appraised by an independent external appraiser. The evaluation method used was the comparative method to evaluate the land price, and the cost method to estimate the construction price.

(8) Intangible assets

	Patent rights	Trademark rights	Computer software cost	Total
Cost:				
As of 1 Jan.2022	\$6,518	\$8,309	\$25,335	\$40,162
Addition - acquired separately	515	454	5,001	5,970
As of 31 Dec. 2022	<u>\$7,033</u>	<u>\$8,763</u>	<u>\$30,336</u>	<u>\$46,132</u>
As of 1 Jan.2021	\$7,100	\$8,187	\$34,978	\$50,265
Addition - acquired separately	587	607	3,469	4,663
Disposal	(1,169)	(485)	(13,112)	(14,766)
As of 31 Dec. 2021	<u>\$6,518</u>	<u>\$8,309</u>	<u>\$25,335</u>	<u>\$40,162</u>

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	Patent rights	Trademark rights	Computer software cost	Total
Amortization and impairment:				
As of 1 Jan.2022	\$3,576	\$4,186	\$11,030	\$18,792
Amortization	703	670	9,189	10,562
As of 31 Dec. 2022	<u>\$4,279</u>	<u>\$4,856</u>	<u>\$20,219</u>	<u>\$29,354</u>
As of 1 Jan.2021	\$4,019	\$3,932	\$14,964	\$22,915
Amortization	726	739	9,178	10,643
Disposal	(1,169)	(485)	(13,112)	(14,766)
As of 31 Dec. 2021	<u>\$3,576</u>	<u>\$4,186</u>	<u>\$11,030</u>	<u>\$18,792</u>
Net carrying amount:				
As of 31 Dec. 2022	<u>\$2,754</u>	<u>\$3,907</u>	<u>\$10,117</u>	<u>\$16,778</u>
As of 31 Dec. 2021	<u>\$2,942</u>	<u>\$4,123</u>	<u>\$14,305</u>	<u>\$21,370</u>

The amortized amount of recognized intangible assets is as follows:

	2022	2021
Operating expenses	<u>\$10,562</u>	<u>\$10,643</u>

(9) Other non-current assets

	31 Dec. 2022	31 Dec. 2021
Long-term finance lease receivable due from related parties	\$59,013	\$-
Less: unearned finance income on long- term finance lease due from related parties	(3,175)	-
Subtotal	<u>55,838</u>	<u>-</u>
Other deferred charges	34,490	\$28,010
Other non-current assets - other	18,635	12,977
Total	<u>\$108,963</u>	<u>\$40,987</u>

Note: The Company's other non-current assets were not pledged.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(10) Short-term loans

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Unsecured bank loan	\$3,138	\$-
	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Interest rates (%)	3.57%	-%

The Company's unused short-term lines of credits, including credit loans and secured loans, amounted to \$476,862 and \$650,000 as of 31 December 2022 and 2021, respectively, among which the secured loans were not drawn.

(11) Other payables

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Accrued salary and bonus	\$287,863	\$294,876
Payables on promotion fee	111,181	118,359
Accrued employees' compensation and directors' remuneration	64,666	63,162
Payables on advertisement	49,327	42,233
Other payables - others	120,643	111,081
Total	<u>\$633,680</u>	<u>\$629,711</u>

(12) Post-employment benefit plans

Defined contribution plans

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

The Company's expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were \$23,388 and \$21,932, respectively.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
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Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for mid-term and long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute \$1,800 to its defined benefit plan in the next year starting from 31 December 2022.

As of 31 December 2022 and 31 December 2021, the Company's defined benefit plans are expected to expire in 2029.

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Notes to Parent Company Only Financial Statements (continued)
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The summary of defined benefits plan reflected in profit or loss is as follows:

	2022	2021
Current service cost	\$1,051	\$1,339
Net defined interest on benefit liabilities	242	223
Total	<u>\$1,293</u>	<u>\$1,562</u>

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

	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Defined benefit obligation	\$175,829	\$194,053	\$201,851
Plan assets at fair value	(145,974)	(145,038)	(156,283)
Contribution status	29,855	49,015	45,568
Other payables due within one year	(107)	(130)	(140)
Net defined benefit liabilities - non-current	<u>\$29,748</u>	<u>\$48,885</u>	<u>\$45,428</u>

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of 1 Jan. 2021	\$201,851	\$(156,283)	\$45,568
Current service costs	1,339	-	1,339
Interest expense (income)	1,009	(786)	223
Subtotal	<u>204,199</u>	<u>(157,069)</u>	<u>47,130</u>
Remeasurements:			
Experience adjustments	5,379	-	5,379
Loss of the planned asset remuneration	-	(2,110)	(2,110)
Subtotal	<u>5,379</u>	<u>(2,110)</u>	<u>3,269</u>
Payments from the plan	(15,525)	15,525	-
Contributions by employer	-	(1,384)	(1,384)
As of 31 Dec. 2021	<u>194,053</u>	<u>(145,038)</u>	<u>49,015</u>
Current service costs	1,051	-	1,051
Interest expense (income)	970	(728)	242
Subtotal	<u>196,074</u>	<u>(145,766)</u>	<u>50,308</u>
Remeasurements:			
Experience adjustments	(2,419)	-	(2,419)
Actuarial gains and losses resulting from changes in financial assumptions	(4,494)	-	(4,494)
Loss of the planned asset remuneration	-	(12,348)	(12,348)
Subtotal	<u>(6,913)</u>	<u>(12,348)</u>	<u>(19,261)</u>
Payments from the plan	(13,332)	13,332	-
Contributions by employer	-	(1,192)	(1,192)
As of 31 Dec. 2022	<u>\$175,829</u>	<u>\$(145,974)</u>	<u>\$29,855</u>

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Notes to Parent Company Only Financial Statements (continued)
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The principal actuarial assumptions used were as follows:

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Discount rate	1.25%	0.50%
Future salary increase rate	2.75%	2.75%

Sensitivity analysis for significant assumption are shown below:

	<u>2022</u>		<u>2021</u>	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	\$-	\$3,248	\$-	\$4,714
Discount rate decreased by 0.5%	3,429	-	4,989	-
Future salary increased by 1%	6,925	-	9,934	-
Future salary decreased by 1%	-	6,349	-	9,065

The foregoing sensitivity analysis is conducted to analyze the possible impact of determining a benefit obligation when a single actuarial assumption (e. g. discount rate or expected salary) is reasonably possible, assuming other assumptions remain unchanged. Since some of the actuarial assumptions are related to each other, there are only a few single actuarial assumptions that can be changed in practice, so the analysis has its limitations.

The methods and assumptions used in this period of sensitivity analysis are no different from the previous period.

(13) Provisions

	<u>Warranties</u>
As of 1 Jan. 2022	\$60,671
Addition	38,445
Utilized	(28,691)
As of 31 Dec. 2022	<u>\$70,425</u>
Current - 31 Dec. 2022	\$20,071
Non-current - 31 Dec. 2022	50,354
As of 31 Dec. 2022	<u>\$70,425</u>
As of 1 Jan. 2021	\$37,203
Addition	44,540
Utilized	(21,072)
As of 31 Dec. 2021	<u>\$60,671</u>
Current - 31 Dec. 2021	\$17,551
Non-current - 31 Dec. 2021	43,120
As of 31 Dec. 2021	<u>\$60,671</u>

Note: Provision for liabilities - current and provision for liabilities - non-current were separately booked under other current liabilities and other non-current liabilities.

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Notes to Parent Company Only Financial Statements (continued)
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Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(14) Equities

(a) Common stock

The Company's authorized share capitals amounted to \$4,400,000 and the issued share capitals was \$2,211,212, both as of 31 December 2022 and 2021. The par value per share was NT\$10 dollar with a total of 221,121,188 shares. Each share is entitled to one vote and the right to receive dividends.

(b) Additional paid-in capital

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Treasury stock transactions	\$58,986	\$50,660
Premium issuance	47,959	47,959
Donated assets received	13,244	12,590
Changes in the net value of related companies and joint venture equity using the equity method	1,161	1,161
Total	<u>\$121,350</u>	<u>\$112,370</u>

Under the relevant laws, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

Additional paid-in capital - treasury stock trading, which is a subsidiary of the Company - Svago International Corporation, holds the shares of the Company, and the cash dividends of the parent company are subject to the adjustment of the additional paid-in capital - treasury stock transactions.

Additional paid-in capital - the donated assets received are the additional paid-in capital generated by the Company due to the donated assets of the receiving shareholder, and the previous year's cash dividends are not received.

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Notes to Parent Company Only Financial Statements (continued)
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The equity method is used to recognize the changes in the net value of the related companies and the joint venture equity, which is the additional paid-in capital of the affiliated company, SAKURA (CAYMAN) CO., LTD., which transfers the trademark rights free of charge to the affiliated company, Sakura Bath and Kitchen Products (China) Co., Ltd.

(c) Treasury stock

As of 31 December 2022 and 2021, the fair value of the treasury stock held by the Company's subsidiary, Savgo International Corporation, was \$143,633 and \$159,592, respectively, and the number of shares held is 2,312,932 for both years. These shares held by Svago International Corporation were acquitted for the purpose of financing before the amendment of the Company Act on 12 November 2001.

(d) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- A. Payment of all taxes and dues;
- B. Offset prior years' operation losses;
- C. Set aside 10% of the remaining amount as legal reserve;
- D. Set aside or reverse special reserve in accordance with law and regulations;
- E. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's products are diverse, and hence the products' different growth stages may be difficult to identify. Regardless, the Company still expects to make significant investment and financial improvement plans in the next few years. In addition, the Company will distribute at least 30% of the shareholders' dividends in the form of cash when it obtains sufficient external funds to pay for its significant annual capital expenditures.

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

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Notes to Parent Company Only Financial Statements (continued)
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When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to the difference between the balance of special reserve already set aside according to the requirements for the first time adoption of IFRS, and the net contra account in other equity. For any subsequent reversal of the net contra account in other equity, the amount reversed may be distributed from the special reserve.

In accordance with Ruling No. Jin-Guan-Cheng-Fa-Zi 1090150022 issued by the Financial Supervisory Commission on 31 March 2021, on the first time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded on the transfer day that the company elects to transfer to retained earnings by application of the exemption under IFRS 1 "First Adoption of International Financial Reporting Standards", the company shall set aside an equal amount of special reserve. For any subsequent use, disposal of or reclassification of related assets, the amount reversed may be distributed according to the percentage of special reserve that's set aside.

The Company's special surplus reserve amount for the first adoption of IFRS was \$115,799 for both periods ended 1 January 2022 and 1 January 2021. In addition, the Company did not use, dispose or reclassify the relevant assets from 1 January to 31 December 2022 and 2021, and thus revolved the special surplus reserve to the undistributed surplus. As of 31 December 2022 and 2021, the special surplus reserve amount for the first adoption was \$115,799.

As of 14 March 2023, the Company's Board of Directors has not yet proposed the earnings allocation and distribution of the dividend per share in 2022. The resolution of the shareholders' meeting was resolved on June 17, 2022. The earnings allocation and dividends per share for 2021 are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	(Note 1)	\$101,441		
Cash dividend - common stock(Note 2)	(Note 1)	796,036	(Note 1)	\$3.60

Note 1: The Company will convene Board of Directors meeting to propose earnings allocation and appropriation.

Note 2: The Group was authorized according to the Articles of Association and passed by special resolution on 6 May , 2022 the proposal to distribute common share cash dividends of 2021.

Please refer to Note 6(18) for relevant information on the estimation basis and amount for employee compensation director compensation.

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Notes to Parent Company Only Financial Statements (continued)
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(15) Operating revenue

	2022	2021
Revenue from contracts with customers - Sale of goods	<u>\$7,571,601</u>	<u>\$7,013,146</u>

Analysis of revenue from contracts with customers during the periods ended 31 December 2022 and 2021 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2022:

	Gas appliances division	Kitchenware division	Other divisions	Total
Sale of goods	<u>\$4,613,074</u>	<u>\$2,138,570</u>	<u>\$819,957</u>	<u>\$7,571,601</u>
Timing of revenue recognition:				
At a point in time	\$4,613,074	\$2,138,570	\$819,957	\$7,571,601
Over time	-	-	-	-
Total	<u>\$4,613,074</u>	<u>\$2,138,570</u>	<u>\$819,957</u>	<u>\$7,571,601</u>

For the year ended 31 December 2021:

	Gas appliances division	Kitchenware division	Other divisions	Total
Sale of goods	<u>\$4,373,979</u>	<u>\$1,859,383</u>	<u>\$779,784</u>	<u>\$7,013,146</u>
Timing of revenue recognition:				
At a point in time	\$4,373,979	\$1,859,383	\$779,784	\$7,013,146
Over time	-	-	-	-
Total	<u>\$4,373,979</u>	<u>\$1,859,383</u>	<u>\$779,784</u>	<u>\$7,013,146</u>

(b) Contract balances

A. Contract assets - current

	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Sale of goods	<u>\$183,142</u>	<u>\$169,648</u>	<u>\$149,515</u>

The significant changes in the Company's balances of contract assets during the periods ended 31 December 2022 and 2021 are as follows:

	31 Dec. 2022	31 Dec. 2021
The opening balance transferred to trade receivables	\$(169,648)	\$(149,515)
Fulfilling performance obligations without achieving the unconditional collection	183,142	169,648
Changes during the period	<u>\$13,494</u>	<u>\$20,133</u>

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

B. Contract liabilities - current

	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Sales of goods	\$110,312	\$105,645	\$85,974

The significant changes in the Company's balances of contract liabilities for the year ended 31 December 2022 and 2021 are as follows:

	31 Dec. 2022	31 Dec. 2021
The opening balance transferred to revenue	\$(105,645)	\$(85,974)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	110,312	105,645
Changes during the period	\$4,667	\$19,671

(c) Transaction price allocated to unfulfilled performance obligations

None.

(d) Assets recognized from costs to fulfil a contract

None.

(16) Expected credit losses (gains)

	2022	2021
Operating expenses – Expected credit losses (gains)		
Contract assets	\$36	\$(1,480)
Other receivables	-	1,652
Notes receivables	-	-
Finance lease receivable	-	-
Account receivables	(238)	121
Total	\$(202)	\$293

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

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Notes to Parent Company Only Financial Statements (continued)
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The loss allowances of the Company's contractual assets and receivables (including note receivables and account receivables) were measured at lifetime expected credit loss. The assessment of the Company's loss allowance is as follows:

- (a) The total carrying amounts of the contract assets were \$183,338 and \$169,808 on December 31, 2022 and 2021, respectively. The amounts of the allowance loss were \$196 and \$160 on December 31, 2022 and 2021, respectively, based on individual customer assessment method.
- (b) The receivables are divided into groups based on the credit rating, regional and industrial factors of the counterparty, and the matrix is used to measure the allowance loss. The related information is as follows:

As of 31 December 2022

	Not yet due (Note)	Days of overdue			Total
		Over a year	Over two years	Over three years	
Gross carrying amount	\$1,110,137	\$30	\$-	\$-	\$1,110,167
Loss ratio	-	70%	90%	100%	-
Lifetime expected credit losses	-	(21)	-	-	(21)
Carrying amount	\$1,110,137	\$9	\$-	\$-	\$1,110,146

As of 31 December 2021

	Not yet due (Note)	Days of overdue			Total
		Over a year	Over two years	Over three years	
Gross carrying amount	\$1,222,714	\$215	\$-	\$108	\$1,223,037
Loss ratio	-	70%	90%	100%	-
Lifetime expected credit losses	-	(151)	-	(108)	(259)
Carrying amount	\$1,222,714	\$64	\$-	\$-	\$1,222,778

Note: The Company's note receivables and finance lease receivable are not overdue. The Company accrues the expected credit impairment loss according to the individual customer assessment method.

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Notes to Parent Company Only Financial Statements (continued)
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The movement in the provision for impairment of contract assets, note receivables and account receivables during the ended 31 December 2022 and 2021 is as follows:

	Contract assets	Notes receivable	Accounts receivable	Finance lease receivable	Other receivables	Total
As of 1 Jan. 2022	\$160	\$-	\$259	\$-	\$2,656	\$3,075
Addition (reversal) for the current year	36	-	(238)	-	-	(202)
Write off	-	-	-	-	(85)	(85)
As of 31 Dec. 2022	\$196	\$-	\$21	\$-	\$2,571	\$2,788
As of 1 Jan. 2021	\$1,640	\$-	\$138	\$-	\$1,004	\$2,782
Addition (reversal) for the current year	(1,480)	-	121	-	1,652	293
As of 31 Dec. 2021	\$160	\$-	\$259	\$-	\$2,656	\$3,075

(17) Leases

(1) Group as a lessee

The Company leases various properties, including real estate such as land and buildings and transportation equipment. The lease terms range from 1 to 51 years.

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

	Buildings	Transportation equipment	Land improvement	Total
Cost:				
1 Jan. 2022	\$77,431	\$4,310	\$11,712	\$93,453
Addition	185,900	884	394	187,178
Disposal	(25,659)	(1,318)	(1,570)	(28,547)
Other changes(Note)	(62,266)	-	-	(62,266)
31 Dec. 2022	\$175,406	\$3,876	\$10,536	\$189,818

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Notes to Parent Company Only Financial Statements (continued)
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Depreciation:				
1 Jan. 2022	\$32,702	\$2,016	\$3,686	\$38,404
Depreciation	27,332	993	1,858	30,183
Disposal	(25,659)	(1,318)	(1,570)	(28,547)
31 Dec. 2022	<u>\$34,375</u>	<u>\$1,691</u>	<u>\$3,974</u>	<u>\$40,040</u>
Cost:				
1 Jan. 2021	\$39,122	\$3,920	\$11,712	\$54,754
Addition	51,386	390	-	51,776
Disposal	(13,077)	-	-	(13,077)
31 Dec. 2021	<u>\$77,431</u>	<u>\$4,310</u>	<u>\$11,712</u>	<u>\$93,453</u>
Depreciation:				
1 Jan. 2021	\$22,350	\$1,078	\$1,996	\$25,424
Depreciation	14,950	938	1,690	17,578
Disposal	(4,598)	-	-	(4,598)
31 Dec. 2021	<u>\$32,702</u>	<u>\$2,016</u>	<u>\$3,686</u>	<u>\$38,404</u>
Net carrying amount:				
31 Dec. 2022	<u>\$141,031</u>	<u>\$2,185</u>	<u>\$6,562</u>	<u>\$149,778</u>
31 Dec. 2021	<u>\$44,729</u>	<u>\$2,294</u>	<u>\$8,026</u>	<u>\$55,049</u>

Note : Other changes are caused by subleasing of the plant, please refer to Note 6, 17. (2).

During the year ended 31 December 2022 and 2021, the Company's additions to right-of-use assets amounted to \$187,178 and \$51,776, respectively.

b. Lease liabilities

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Lease liabilities		
Current	\$40,140	\$20,270
Non-current	<u>173,882</u>	<u>34,876</u>
Total	<u>\$214,022</u>	<u>\$55,146</u>

Please refer to Note 6(19)(d) for the interest on lease liabilities recognized during the period ended 31 December 2022 and refer to Note 12.5 - liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2022.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2022	2021
Buildings	\$27,332	\$14,950
Land improvement	1,858	1,690
Transportation equipment	993	938
Total	\$30,183	\$17,578

C. Income and costs relating to leasing activities

	2022	2021
The expenses relating to short-term leases	\$2,759	\$3,140

D. Cash outflow relating to leasing activities

During the year ended 31 December 2022 and 2021, the Company's total cash out-flows for leases amounted to \$32,774 and \$21,315, respectively.

(2) Company as a lessor

- A. Please refer to Note 6(7) for details on the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$5,077	\$5,077

- B. The Company enters into lease contracts for buildings contracts, that are classified as a financial lease due to the transfer of substantially all the risks and rewards of ownership of the subsidiary's subject assets.

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Notes to Parent Company Only Financial Statements (continued)
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The Company has entered finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2022 and 2021 are as follows:

	31 Dec. 2022	31 Dec. 2021
No later than one year	\$6,472	\$-
Later than one year but no later than two years	6,813	-
Later than two years but no later than three years	6,955	-
Later than three years but no later than four years	6,955	-
Later than four years but no later than five years	6,955	-
Later than five years	31,336	-
Undiscounted lease payments	65,486	-
Less: Unearned finance income to finance leases	(3,942)	-
Net investment in the lease (Finance lease receivables)	\$61,544	\$-
Current	\$5,706	\$-
Non-current	\$55,838	\$-

(18) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Nature						
Employee benefits expense						
Salaries	\$319,346	\$490,676	\$810,022	\$307,885	\$493,238	\$801,123
Labor and health insurance	25,576	40,491	66,067	24,514	40,720	65,234
Pension	8,019	16,662	24,681	7,631	15,863	23,494
Directors' remuneration	-	42,745	42,745	-	42,254	42,254
Other employee benefits expense	12,272	19,336	31,608	11,948	18,708	30,656
Depreciation	62,550	34,786	97,336	59,029	30,185	89,214
Amortization	7,285	16,231	23,516	8,966	15,745	24,711

As of 31 December 2022 and 2021, the Company had 1,058 and 1,022 employees, respectively, including 6 directors who were non-employee directors.

For the years ended 31 December 2022 and 2021, the average employee benefit expenses were \$886 and \$906, respectively.

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Notes to Parent Company Only Financial Statements (continued)
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For the years ended 31 December 2022 and 2021, the average employee salaries were \$770 and \$789, respectively, and the average employee salaries adjustment changes were (2)%.

The Company established an audit committee to replace the supervisor on June 24, 2019, thus, there is no supervisor's remuneration for the years ended 31 December 2022 and years ended 31 December 2021.

The Company's policy for compensation of directors, managers and employees is as follows:

The Company set the policy for directors and employees' compensation in the Company's Articles of Incorporation and established the Remuneration Committee to evaluate and monitor the Company's remuneration system for its directors and executive officers. The Company shall assess the performance of directors and executive officers according to the Rules for Performance Assessment of the Board of Directors and the Performance Appraisal for employees of the Company, in order to determine their compensation. An adequate compensation scheme will be calculated by referencing the Company's operation results, future risks, corporate strategies, industry trends and also individual contribution.

The Company developed a comprehensive employee welfare system in accordance with laws, government regulations and regional needs to provide employees with competitive salary and welfare conditions. Employees' compensation includes monthly salary, bonus based on operation performance, and the compensation based on the Company's earnings performance and regulated by the articles. The Company conducts a performance evaluation of all employees every year to understand their job performance and uses such information as a reference for promotions, training and distributing compensation.

According to the Company's Articles of Incorporation, if the Company makes a profit for the year, it shall contribute 2% to 8% as employee remuneration, and no more than 5% as director compensation. However, the profit shall make up for losses first, if any. The above-mentioned employee compensation shall be distributed in stocks or cash and shall be approved by the Board of Directors with more than two-thirds of the directors' attendance and a majority of the directors' consents and the results are reported to the shareholders' meeting. Information about the appropriation of employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors, please refer to the "Market Observation Post System " of the TWSE.

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Notes to Parent Company Only Financial Statements (continued)
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For the year ended 31 December 2022, employee's compensation and remuneration of the directors were accrued at \$39,592 and \$25,074, respectively, which were booked under salary expenses. The Company has not yet convened a board meeting to determine employee compensation and remuneration for directors.

The actual distribution of the employee's compensation and remuneration of the directors in 2021 were \$38,671 and \$24,491, respectively. There was the same as the estimated amount recognized in the 2021 financial statements.

(19) Non-operating income and expenses

(a) Interest income

	2022	2021
Interest income		
Financial assets measured at amortized cost	\$4,715	\$4,134
Finance lease receivable	395	-
Total	<u>\$5,110</u>	<u>\$4,314</u>

(b) Other income

	2022	2021
Rental income	\$5,077	\$5,077
Dividend income	1,605	11,684
Gain from lease modification	-	18
Other income	24,845	13,293
Total	<u>\$31,527</u>	<u>\$30,072</u>

(c) Other gains and losses

	2022	2021
Foreign exchange gains, net	\$28,244	\$4,630
Gains on reversal of impairment loss	11,149	-
Gains on disposal of property, plant and equipment	302	202
Gains on disposal of investment	166	110
Gains on disposals of investment property	-	3,262
Other losses - others	(4,634)	(3,887)
Total	<u>\$35,227</u>	<u>\$4,317</u>

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(d) Finance costs

	2022	2021
Interest on lease liabilities	\$1,713	\$627
Interest on loans from bank	274	139
Total	<u>\$1,987</u>	<u>\$766</u>

(20) Components of other comprehensive income

For the year ended 31 December 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss)	Income tax	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$22,366	\$-	\$22,366	\$(4,473)	\$17,893
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	19,552	-	19,552	-	19,552
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	10,333	-	10,333	(2,066)	8,267
Share of loss of associates and joint ventures accounted for using equity method through other comprehensive income	11,885	-	11,885	(2,377)	9,508
Total other comprehensive income	<u>\$64,136</u>	<u>\$-</u>	<u>\$64,136</u>	<u>\$(8,916)</u>	<u>\$55,220</u>

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Notes to Parent Company Only Financial Statements (continued)
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For the year ended 31 December 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss)	Income tax	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(3,391)	\$-	\$(3,391)	\$679	\$(2,712)
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	38,269	-	38,269	-	38,269
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(1,817)	-	(1,817)	363	(1,454)
Share of loss of associates and joint ventures accounted for using equity method through other comprehensive income	(4,659)	-	(4,659)	932	(3,727)
Total other comprehensive income	<u>\$28,402</u>	<u>\$-</u>	<u>\$28,402</u>	<u>\$1,974</u>	<u>\$30,376</u>

(21) Income tax

Components of the income tax expenses (income):

(a) Income tax expense recognized in profit or loss:

	2022	2021
Current income tax expense (income):		
Current income tax charge	\$225,580	\$211,412
Adjustments in respect of current income tax of prior periods	6,395	-
Undistributed surplus for income tax	3,126	2,983
Land value increment tax	-	1,151
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	1,013	(26)
Total income tax expense	<u>\$236,114</u>	<u>\$215,520</u>

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Income tax relating to components of other comprehensive income

	2022	2021
Deferred tax expense (income):		
Exchange differences on translation of foreign operations	\$2,066	\$(363)
Remeasurements of defined benefit plans	4,473	(679)
Share of loss of associates and joint ventures accounted for using equity method through other comprehensive income	2,377	(932)
Income tax related to components of other comprehensive income	\$8,916	\$(1,974)

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	2022	2021
Accounting profit before tax from continuing operations	\$1,225,054	\$1,225,865
Tax at the domestic rates applicable to profits in the country concerned	\$251,011	\$245,173
Adjustments in respect of current income tax of prior periods	6,395	-
Undistributed surplus for income tax	3,126	2,983
Income tax effects of non-deductible expenses on tax returns	239	52
Land value increment tax	-	1,151
Income tax effects of tax-exempt income	(24,657)	(33,839)
Total income tax expense	\$236,114	\$215,520

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(d) Amounts of deferred tax assets (liabilities):

For the year ended 31 December 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized exchange gain or loss	\$122	\$(1,275)	\$-	\$(1,153)
Allowance for sales discounts	2,274	(260)	-	2,014
Unrealized loss on inventory market value decline	(570)	-	-	(570)
Impairment of investment property	4,350	(1,619)	-	2,731
Investment using the equity method	(148)	-	-	(148)
Unrealized gain on inter-affiliate accounts	294	170	-	464
Provision for warranties	12,134	1,951	-	14,085
Net defined benefit liability	9,727	20	(3,852)	5,895
Unrealized exchange profit or loss	(23,968)	-	(4,443)	(28,411)
Deferred income expense		<u>\$(1,013)</u>	<u>\$(8,295)</u>	
Deferred income tax assets(liabilities)	<u>\$4,215</u>			<u>\$(5,093)</u>
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	<u>\$28,901</u>			<u>\$25,189</u>
Deferred income tax liabilities	<u>\$(24,686)</u>			<u>\$(30,282)</u>

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

For the year ended 31 December 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized exchange gain or loss	\$(504)	\$626	\$	\$122
Allowance for sales discounts	1,621	653	-	2,274
Unrealized loss on inventory market value decline	(570)	-	-	(570)
Impairment of investment property	10,293	(5,943)	-	4,350
Investment using the equity method	(148)	-	-	(148)
Unrealized gain on inter-affiliate accounts	333	(39)	-	294
Provision for warranties	7,440	4,694	-	12,134
Net defined benefit liability	9,038	35	654	9,727
Unrealized exchange profit or loss	(25,263)	-	1,295	(23,968)
Deferred income tax benefit		\$26	\$1,949	
Deferred income tax assets	<u>\$2,240</u>			<u>\$4,215</u>
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	<u>\$28,725</u>			<u>\$28,901</u>
Deferred income tax liabilities	<u>\$(26,485)</u>			<u>\$(24,686)</u>

(e) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company's income tax payable on the repatriation of the undistributed earnings of the foreign subsidiaries prior to the fourth quarter of 2009 has been recognized as related deferred income tax liabilities in the amount of \$58,186. The Company's surplus from foreign subsidiaries in 2009 was repatriated to the surplus before the fourth quarter of 2009 amounted to \$290,189, and the 8% substantive investment preferential tax rate was applied. Therefore, the deferred income tax liability estimated in the previous years was reversed to \$35,059. As of 31 December 2022 and 2021, deferred income tax liabilities that were not recognized amounted to \$152,893 and \$133,891, respectively.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(f) The assessment of income tax returns

As of 31 December 2022, the assessment returns of income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>
The Company	<u>Assessed and approved through 2020</u>

(22) Earnings per share

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

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

	<u>2022</u>	<u>2021</u>
(a) Basic earnings per share		
Net profit attributable to ordinary stockholders (in NT\$ thousands)	<u>\$1,018,940</u>	<u>\$1,010,345</u>
Weighted average number of ordinary shares outstanding (in thousands)	<u>218,808</u>	<u>218,808</u>
Basic earnings per share (NT\$)	<u>\$4.66</u>	<u>\$4.62</u>
	<u>2022</u>	<u>2021</u>
(b) Diluted earnings per share		
Net profit attributable to ordinary stockholders (in NT\$ thousands)	<u>\$1,018,940</u>	<u>\$1,010,345</u>
Net profit after adjusting the dilution effect (in thousands)	<u>\$1,018,940</u>	<u>\$1,010,345</u>
Weighted average number of ordinary shares outstanding (in thousands)	218,808	218,808
Effect of dilution:		
Employee compensation - stock (in thousands)	<u>849</u>	<u>561</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>219,657</u>	<u>219,369</u>
Diluted earnings per share (NT\$)	<u>\$4.64</u>	<u>\$4.61</u>

There has not been other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date that the financial statements were authorized for issuance.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
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7. RELATED PARTY TRANSACTIONS

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

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Svago International Corporation (hereinafter referred to as Topax)	First-tier subsidiary
SAKURA Home Collection Co., Ltd. (hereinafter referred to as SAKURA Home)	First-tier subsidiary
Sakura Bath and Kitchen Products (China) Co., Ltd. (hereinafter referred to as Sakura China)	Invested company evaluated by equity method
PUDA Industrial Co., Ltd. (hereinafter referred to as PUDA)	Invested company evaluated by equity method
Sakura Bath and Kitchen Products (Shunde) Co., Ltd. (hereinafter referred to as Sakura Shunde)	Subsidiary of the invested company evaluated by the equity method
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD.	First-tier subsidiary
Mekong Trading Corporation (hereinafter referred to as MK)	Second-tier subsidiary

Significant transactions and balances with related parties

(a) Sales

	<u>2022</u>	<u>2021</u>
First-tier subsidiary	\$374,493	\$323,221
Second-tier subsidiary	1,063	3,702
Total	<u>\$375,556</u>	<u>\$326,923</u>

The sales price of the Company to related parties is not significantly different from any third parties. The credit terms range from two to three months after monthly-closing, T/T.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Purchases

	<u>2022</u>	<u>2021</u>
Invested company evaluated by equity method	\$23,049	\$12,879
Subsidiary of the invested company evaluated by the equity method	16,449	22,265
First-tier subsidiary	<u>1,800</u>	<u>1,646</u>
Total	<u><u>\$41,298</u></u>	<u><u>\$36,790</u></u>

The terms of purchases and payment of the Company from related parties is not significantly different from any third parties.

(c) Accounts receivables

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
First-tier subsidiary	\$39,482	\$32,461
Second-tier subsidiary	<u>1,063</u>	<u>970</u>
Total	<u><u>\$40,545</u></u>	<u><u>\$33,431</u></u>

(d) Finance lease receivable (Current and Non-Current)

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
First-tier subsidiary	<u>\$61,544</u>	<u>\$-</u>

(e) Accounts payables

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Invested company evaluated by equity method	\$2,812	\$934
Subsidiary of the invested company evaluated by the equity method	2,412	2,208
Total	<u><u>\$5,224</u></u>	<u><u>\$3,142</u></u>

(f) Endorsements and guarantees

Please refer to Note 9(3) for details of the guarantees provided by the Company for related parties' borrowings. For details, please refer to Note 13 for disclosures (2) - Information on reinvestments.

(g) Key management personnel compensation

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$95,880	\$83,331
Post-employment benefits	<u>685</u>	<u>524</u>
Total	<u><u>\$96,565</u></u>	<u><u>\$83,855</u></u>

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

8. PLEGDED ASSETS

The following assets were pledged:

Item	Carrying amount		Purpose of collateral
	31 Dec. 2022	31 Dec. 2021	
Property, plant and equipment	\$878,518	\$892,795	Short-term and long-term loans
Investment property	99,753	97,294	Short-term loans
Total	\$978,271	\$990,089	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

- (1) As of 31 December 2022, the Company's unused letters of credit amounted to CN\$5,992,061.
- (2) As of 31 December 2022, the Company's remaining balance due to construction in progress and loans was \$158,900.
- (3) Information about endorsement and guarantee to others as of 31 December 2022, please refer to Note 13(1)(b).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

- (1) Financial instruments

Financial assets

	31 Dec. 2022	31 Dec. 2021
Financial assets at fair value through profit or loss		
Financial assets at fair value through other comprehensive income	\$67,179	\$203,898
Financial assets measured at amortized cost		
Cash and cash equivalents	1,341,046	1,254,108
Contract assets - current	183,142	169,648
Notes receivable	110,632	93,375
Accounts receivable (exclude finance lease receivable)	993,808	1,129,403
Finance lease receivable (current and non-current)	61,544	-

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Financial liabilities

	<u>31 Dec. 2022</u>	<u>31 Dec. 2021</u>
Financial liabilities at amortized cost		
Short-term loans	\$3,138	\$-
Contract liability - current	110,312	105,645
Notes payables	6,432	3,308
Accounts payables	1,328,849	1,365,508
Other payables	633,680	629,711
Lease liabilities (current and non-current)	214,022	55,146

(2) Financial risk management objectives and policies

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

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

(3) Market risk

The Company's market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risks (such as equity instruments).

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

Foreign currency risk

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

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Notes to Parent Company Only Financial Statements (continued)
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The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The impact of foreign currency appreciation/depreciation on the Company's profit and loss. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for CN\$ and US\$. The sensitivity analysis information is as follows:

- (a) When the exchange rate of NT\$ to US\$ is appreciated/depreciated by 1%, the profit and loss of the Company for the years of 2022 and 2021 from 1 January to 31 December is increased by \$1,330 and \$1,955, respectively. The equity is reduced by \$7,765 and \$7,615, respectively.
- (b) When the exchange rate of NT\$ to CN\$ is appreciated/depreciated by 1%, the profit and loss of the Company for the years of 2022 and 2021 from 1 January to 31 December is increased by \$354 and \$544, respectively. The equity is reduced by \$702 and \$687, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's bank borrowings with fixed interest rates.

Equity price risk

The fair value of the Company's listed and unlisted equity securities and the conversion rights in the issued overseas convertible corporate bonds will be affected by the fair value of the uncertainty of the future value of the investment securities. The listed and unlisted equity securities held by the Company are included in the holdings for trading and provisioning, respectively. The conversion rights of the overseas convertible corporate bonds issued are non-compliance with the definition of equity elements, therefore, they are financial liabilities at fair value through profit or loss. The Company manages the equity price risk through diversifying and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors must review and approve all equity investment decisions.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

When the price of the Company's listed equity securities held for sale increases/decreases by 1%, the Company's equity would increase/decrease by \$532 and \$1,899, respectively, from 1 January to 31 December 2022 and 2021.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for contract assets, account receivables and note receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit risk assessment for all customers are based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures (such as requesting for prepayment).

As of 31 December 2022 and 2021, amounts receivable from top ten customers represented 35.67% and 34.18% of the total trade receivables of the Company, respectively. The credit concentration risk of other Accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank loans. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
As of 31 Dec. 2022					
Short-term loans	\$3,138	\$-	\$-	\$-	\$3,138
Notes and accounts payables	1,335,281	-	-	-	1,335,281
Other payables	633,680	-	-	-	633,680
Lease liabilities	42,619	64,584	39,993	77,685	224,881
As of 31 Dec. 2021					
Notes and accounts payables	\$1,368,816	\$-	\$-	\$-	\$1,368,816
Other payables	629,711	-	-	-	629,711
Lease liabilities	20,872	25,482	10,005	-	56,359

(6) Reconciliation of liabilities from financing activities

Information on the reconciliation of liabilities from January 1 to December, 31 2022:

	Short-term loans	Lease liabilities	Long-term loans	Total
As of 1 Jan. 2022	\$-	\$55,146	\$-	\$55,146
Non-cash changes	-	188,891	-	188,891
Cash flows	3,138	(30,015)	-	(26,877)
As of 31 Dec. 2022	<u>\$3,138</u>	<u>\$214,022</u>	<u>\$-</u>	<u>\$217,160</u>

Information on the reconciliation of liabilities from January 1 to December, 31 2021:

	Short-term loans	Lease liabilities	Long-term loans	Total
As of 1 Jan. 2021	\$454	\$29,415	\$16,120	\$45,989
Non-cash changes	-	43,906	-	43,906
Cash flows	(454)	(18,175)	(16,120)	(34,749)
As of 31 Dec. 2021	<u>\$-</u>	<u>\$55,146</u>	<u>\$-</u>	<u>\$55,146</u>

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Notes to Parent Company Only Financial Statements (continued)
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(7) Fair values of financial instruments

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

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

- A. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.
- C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- D. The fair value of loans and other non-current liabilities is determined by counterparty quotations or valuation techniques, which are determined based on discounted cash flow analysis, and their interest rates and discount rates are mainly based on information related to similar instruments (such as OTC reference yield curve, average quotation of Reuters commercial promissory note rate and credit risk, etc.).

- (b) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for the fair value measurement hierarchy for financial instruments of the Company.

(8) Derivatives

The Company did not hold any derivatives for trading as of 31 December 2022 and 31 December 2021.

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Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(9) Fair value measurement hierarchy

(a) Definition of fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

As of 31 Dec. 2022

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Equity instruments	\$53,182	\$-	\$13,997	\$67,179
measured at fair value through other comprehensive gains and losses				

As of 31 Dec. 2021

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Equity instruments measured at fair value through other comprehensive gains and losses	\$189,901	\$-	\$13,997	\$203,898

Taiwan Sakura Corporation
Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Transfer between the level 1 and level 2 during the period

During the year of 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurement.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period

The assets and liabilities measured by the Company's repetitive fair value are the level 3 of the fair value hierarchy. The adjustment of the opening balance to the ending balance is as follows:

	Assets
	Financial assets measured at fair value through other comprehensive gains and losses
	Stock
As of 1 January 2022	\$13,997
Total gains and losses recognized in 2022:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses”)	-
As of 31 December 2022	\$13,997
As of 1 January 2021	\$13,997
Total gains and losses recognized in 2021:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses”)	-
As of 31 December 2021	\$13,997

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
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Significant unobservable input value information at the Level 3 of the fair value hierarchy

The assets of the Company's fair value hierarchy are measured at the fair value. The significant unobservable inputs for fair value measurement are listed in the following table:

As of 31 December 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets: Through other comprehensive gains and losses as measured by fair value					
Stock	Cost method	Discount for lack of liquidity	35%	The higher the degree of lack of liquidity, the lower the estimated fair value	When the percentage of lack of liquidity increases (decreases) by 1%, the company's equity would decrease/increase by NT\$140 thousand.

As of 31 December 2021:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets: Through other comprehensive gains and losses as measured by fair value					
Stock	Cost method	Discount for lack of liquidity	35%	The higher the degree of lack of liquidity, the lower the estimated fair value	When the percentage of lack of liquidity increases (decreases) by 1%, the company's equity would decrease/increase by NT\$140 thousand.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
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Valuation process used for Level 3 fair value measurements

The financial department of the Company is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured as per the Company's accounting policies at each reporting date.

- (c) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As of 31 Dec. 2022

	Level 1	Level 2	Level 3	Total
Listing only fair value assets:				
Investment properties (Details refer to Note 6(7))	\$-	\$-	\$369,714	\$369,714

As of 31 Dec. 2021

	Level 1	Level 2	Level 3	Total
Listing only fair value assets:				
Investment properties (Details refer to Note 6(7))	\$-	\$-	\$314,917	\$314,917

- (10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of 31 Dec. 2022			In NT\$ thousands As of 31 Dec. 2021		
	Foreign currency	Exchange rate	NT\$	Foreign currency	Exchange rate	NT\$
<u>Monetary assets</u>						
<u>Currency item</u>						
US\$	\$4,667	30.7080	\$143,314	\$7,480	27.6900	\$207,121
CN\$	44,873	4.4175	198,226	48,821	4.3406	211,912
<u>Monetary liabilities</u>						
<u>Currency item</u>						
US\$	\$335	30.7080	\$10,287	\$421	27.6900	\$11,657
CN\$	36,859	4.4175	162,825	36,283	4.3406	157,490

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

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Notes to Parent Company Only Financial Statements (continued) (Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Due to the wide variety of individual functional currencies of the Company, it is not possible to disclose the exchange gains and losses information of monetary financial assets and financial liabilities in accordance with each significant foreign currency. The foreign exchange gains (losses) of the Company in the year of 2022 and 2021 were \$28,244 and \$4,630, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13 OTHER DISCLOSURE

(1) Information of significant transactions:

(a) Loans to others: None.

(b) Provision of endorsement and guarantees to others:

No.	Endorser/ guarantor (company name)	Endorsed/guaranteed party		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount during the year	Outstanding endorsement/ guarantee amount at 31 Dec. 2021 (Note 3)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Company name	Relationship										
0	Taiwan Sakura Corporation	Svago International Corporation	Parent company and subsidiary	\$1,983,526	\$60,000	\$30,000	\$-	\$-	0.53%	\$1,983,526	Y	N	N
0	Taiwan Sakura Corporation	SAKURA Home Collection Co., Ltd.	Parent company and subsidiary	1,983,526	230,000	230,000	-	-	4.06%	1,983,526	Y	N	N

Note 1: If Taiwan Sakura Corporation provides guarantee endorsement to a single entity in which it directly or indirectly holds more than 50% of the voting shares, its endorsement guarantee limit shall not exceed 35% of the net value of the Company.

Note 2: The total amount of endorsement guarantees of Taiwan Sakura Corporation was limited to 35% of the net value as of 31 December 2022.

Note 3: The amount approved by the Board of Directors should be filled out. However, where the board of directors authorizes the chairman of the Board of Directors to determine the amount in accordance with paragraph 8, Article 12 of the Public Offering Group's Fund Loan and Endorsement Guarantee Processing Guidelines, the amount shall refer to the amount determined by the board.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

- (c) The holding of securities at the end of the period (excluding subsidiaries, affiliates and joint ventures):

Holding company	Type of securities	Name of securities	Relationship between issuer of securities and the Company	Account name	End of period				
					Number of shares / unit	Book amount	Shareholding ratio	Fair value	Note
Taiwan Sakura Corporation	Stock	Sakura Development Co., Ltd.	-	Financial assets measured at fair value through other comprehensive gains and losses - non-current	1,667,133	53,182	-	53,182	
Taiwan Sakura Corporation	"	Han Sen Asset Management	-	"	1,300,233	10,532	0.60%	10,532	
Taiwan Sakura Corporation	"	Taichung International Recreation	-	"	2	3,465	0.06%	3,465	
Taiwan Sakura Corporation	"	Grand Hi-Lai Hotel	-	"	784	-	-	-	
Taiwan Sakura Corporation	"	Yamay International Development Co., Ltd.	-	"	130	-	-	-	
				Total		<u>\$67,179</u>		<u>\$67,179</u>	

- (d) Acquisition or sale of the same security with the accumulated amount exceeding NT\$300 million or 20% of the Company's paid-in capital or more: None.
- (e) Acquisition of real estate reaching NT\$300 million or 20% of paid-up capital or more: None.
- (f) Disposal of real estate reaching NT\$300 million or 20% of paid-up capital or more: None.
- (g) Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of the paid-up capital or more. The details are as follows:

Company Name	Counter-party	Relationship	Transactions				Differences in transaction terms compared to third party transactions		Note and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Taiwan Sakura Corporation	Svago International Corporation	Subsidiary	Sales	\$374,210	4.9%	3 months after monthly-closing	Product standard cost plus 5%	Regular	\$39,275	3.5%	

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(h) Receivables from related party reaching NT\$100 million than 20% of the paid-up capital or more: None.

(i) Engaged in derivatives trading: None.

(2) Information on investees:

(a) Names, locations, main business items, initial investment amount, shareholding at the end of the period, current profit and loss and the recognized investment income and loss: (excluding investees in mainland China)

Investor	Investee	Location	Main business items	Initial investment amount		Shares held as of 31 Dec. 2021			Investee company's current (loss) profit	Investment (loss) income recognized by the Company	Note
				Balance as of 31 Dec. 2022	Balance as of 31 Dec. 2021	Number of shares	Ownership (%)	Book value			
Taiwan Sakura Corporation	PUDA Industrial Co., Ltd.	No. 118, Section 2, Hefei Road, Haifengli, Qingshui District, Taichung City	Manufacturing and processing of strengthened plastic products; trading of sanitary ware, building materials equipment, machinery and car accessories, etc.	\$101,000	\$101,000	12,800,419	43.19%	\$195,315	\$7,929	\$3,425	
Taiwan Sakura Corporation	Sakura Enterprise (B.V.I.) Ltd.	P.O.Box 3440, Road Town, Tortola, British Virgin Islands	Investment company	223,903	223,903	17,153,171	100.00%	1,634,014	104,441	104,441	
Taiwan Sakura Corporation	Svago International Corporation	No. 303, Section 4, Yatan Road, Daya District, Taichung City	Gas equipment, parts manufacturing and leasing business	657,882	657,882	11,959,750	100.00%	230,135	70,822	70,822	
Taiwan Sakura Corporation	SAKURA Home Collection Co., Ltd.	3F., No. 436, Sec. 4, Yatan Rd., Daya Dist., Taichung City	Interior decoration, electrical appliance installation, kitchenware and bathroom equipment installation project	250,000	150,000	25,000,000	100.00%	107,667	(50,134)	(50,134)	
Taiwan Sakura Corporation	SAKURA PAN PACIFIC HOLDING (SINGAPORE) PTE. LTD.	80 Robinson Road #02-00 Singapore	Holding company	USD 4,000,000	USD 4,000,000	4,000,000	100.00%	100,870	(9,433)	(9,433)	

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Information on major transactions of the investee company with control capabilities:

A. Loans to others: None.

B. Provision of endorsement and guarantees to others, the details are as follows:

No.	Endorser/ guarantor (company name)	Endorsed/guaranteed party		Limit on endorsements/ guarantees provided limit for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount during the year	Outstanding endorsement/ guarantee amount as of 31 Dec. 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guar antor company	Maximum limit of endorsement guarantee (Note 2)	The endorsement guarantee amount of the parent company to the subsidiary company	Endorsed by subsidiaries to the parent company	Endorsement guarantee in China
		Company name	Relationship										
1	Svago International Corporation	Taiwan Sakura Corporation	Parent company and subsidiary	\$187,957	\$88,829	\$67,525	\$-	\$-	17.96%	\$451,097	N	Y	N

Note 1: The limit of the endorsement of a single enterprise by Svago International Corporation is no more than 50% of the net value of the company.

Note 2: The total amount of endorsement guarantees of Svago International Corporation is limited to 120% of its net value as of 31 Dec. 2022

C. The holding of Securities at the end of the period (excluding investment subsidiaries, affiliates and joint ventures):

The details of the securities held by Svago International Corporation at the end of the period are as follows:

Type of securities	Name of securities	Relationship between issuer of securities and the company	Account name	End of period				Note
				Number of shares / unit	Book value	Shareholding ratio	Fair value	
Stock	Taiwan Sakura Corporation	Parent company	Financial assets measured at fair value through other comprehensive gains and losses	2,312,932	\$143,633	-	\$143,633	
Stock	Sakura Development Co., Ltd.	-	"	1,236,462	39,443	-	39,443	
Stock	Taichung International Recreation	-	"	1	1,735	0.03%	1,735	
			Total		<u>\$184,811</u>			

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

- D. Acquisition or sale of the same security with the accumulated amount exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-up capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-up capital or more: None.
- G. Purchase or sale of goods from or to related parties reaching NT\$100 million or 20% of the paid-up capital or more. The details are as follows:

Company Name	Counter-party	Relationship	Transactions				Differences in transaction terms compared to third party transactions		Note and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Svago International Corporation	Taiwan Sakura Corporation	Parent company	Purchases	\$374,210	70.14%	3 months after monthly-closing	Product standard cost plus 5%	Regular	\$(39,275)	(43.20)%	

- H. Receivables from related party reaching NT\$100 million than 20% of the paid-up capital or more: None.
- I. Engaged in derivatives trading: None.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(3) Information of investments in Mainland China:

(a) The details of the company's investments in China through the Sakura Enterprise (B.V.I.) Ltd. are as follows:

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Sakura Bath and Kitchen Products (China) Co., Ltd.	Kitchen appliances	\$1,413,600 (RMB320,000,000)	Investing in a third region to set up a company to reinvest in mainland companies	\$371,898 (USD12,110,786)	\$-	\$-	\$371,898 (USD12,110,786)	\$157,618	44.39% (Note 3)	\$69,967	\$852,396	\$1,209,387 (USD31,811,100) (RMB52,638,715)
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	Kitchen appliances and real estate leasing industry	429,912 (USD14,000,000)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	31,243	100.00%	31,243	411,728	-
Kunshan Hongyu Trading Co., Ltd.	Household appliances, electronic products, communication equipment	3,413 (USD111,159)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	652	100.00%	652	10,543	-
Kunshan Jingye Consulting Co., Ltd.	Corporate investment, management consulting services	2,118 (USD 68,977)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	395	100.00%	395	6,432	-
Kunshan Yuntian Trading Co., Ltd.	Household appliances, electronic products, communication equipment	1,811 (USD 58,961)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	347	100.00%	347	5,699	-

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Kunshan Haohui Consulting Co., Ltd.	Corporate image, corporate marketing, exhibition planning consultation	1,741 (USD 56,681)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	331	100.00%	331	5,413	-
Kunshan Zhanye Consulting Co., Ltd.	Business information consulting service	442 (RMB100,000)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	27	100.00%	27	718	-

At the end of the period, the accumulated amount of remittance from Taiwan to Mainland China	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investment
\$371,898 (USD 12,110,786)	\$1,381,939 (US\$45,002,573) (Note 1)	\$3,400,330 (Note 2)

Note1: The investment amount approved by the MOEA is US\$45,002,573 (excluding the amount of surplus remittance), of which US\$13,800,000 and US\$13,213,043 are the surplus investment of the third regional investment cause (B.V.I.) to reinvest Sakura Kitchen Products (Huanan) Co., Ltd. and Sakura Kitchen Products (China) Co., Ltd. US\$1,995,100 are the surplus of the third regional investment business (i.e. B.V.I.) to invest in Kunshan Hongyi Trading Co., Ltd., Kunshan Jingye Consulting Co., Ltd., Kunshan Yuntian Trading Co., Ltd., Kunshan Haohui Consulting Co., Ltd. and Kunshan Zhanye Consulting Co., Ltd.

Note2: According to the regulations of the Investment Commission, Ministry of Economic Affairs, the investment limit of the Group to the mainland is 60% of its net value.

Note3: This is the overall shareholding ratio, including shareholding ratio of 2.78% in B.V.I., the shareholding ratio of 1.11% in Kunshan Honghu Trading Co., Ltd., Kunshan Jingye Consulting Co., Ltd., Kunshan Yuntian Trading Co., Ltd., Kunshan Haohui Consulting Co., Ltd. and Kunshan Zhanye Business Consulting Co., Ltd., and shareholding ratio of 40.50% in SAKURA (CAYMAN) CO., LTD., totaling 44.39%.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
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(b) For information on major transactions between the company and the mainland reinvestment company and its price and payment terms, please refer to Note 7.

(4) Information of major shareholders:

As of 31 Dec. 2022

Name	Shares	Ownership (Shares)	Ownership (%)
Fubon Life Insurance Co., LTD.		16,613,000	7.51%
Jin Rong Investment Co., Ltd.		14,200,501	6.42%
Yuan Chi Investment, Ltd.		13,311,536	6.02%
Ko Li Te Investment, Ltd.		13,268,176	6.00%
Chin Yeh Investment Co., Ltd.		12,194,000	5.51%