Stock Code: 9911

台灣櫻花股份有限公司

TAIWAN SAKURA CORPORATION

2023 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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III. Headquarters, Branches and Plant

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IV. Stock Transfer Agent

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V. CPA of the most recent financial report

Accounting Firm: Ernst & Young
Certified Public Accountant: Yu-Ting Huang and Tzu-Ping Huang
Address: 26F., No. 186, Shizheng N. 7th Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)
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VI. Overseas Securities Exchange and Overseas Securities Information

None

VII. Corporate Website

http://www.sakura.com.tw

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Chaper 1 A Letter to Shareholders

Dear shareholders,

The year of 2023 in retrospect, the economic environment we faced was filled with challenges and opportunities. Global economic growth slowed, but the financial markets remained stable. However, the continued presence of geopolitical risks and trade frictions brought uncertainty to business operations. Conflicts and wars around the world, especially the Russia-Ukraine and Israel-Palestine conflicts, continued to impact the global supply chain.

The overall economic environment in 2023 was affected by inflation and high interest rates, resulting in lower consumer demand. Despite the unfavorable market conditions for business operations, Taiwan Sakura managed to maintain its record of continuous growth for 13 years. This achievement is primarily attributed to the collective efforts of all employees and the results of the three major strategic frameworks implemented in recent years: “Stable Growth of Existing Businesses,” “Future Layout of New Businesses,” and “Core Construction of Sustainable Development.”

In year 2023, total revenue reached NT$8.272 billion, reflecting a year-on-year increase of 0.73%, operating profit reached NT$1.23 billion, reflecting a year-on-year increase of 10.66%, and net profit attributable to the parent company after tax reached NT$1.072 billion, reflecting a year-on-year increase of 5.23%. The company will adopt a more cautious approach to counter the trends of rising operating costs and market uncertainties in the future.

I. 2023 Business Report

(I) Result of operation plan

Unit: NT$ thousands

Item	2023	2022	Increase (decrease)%
Operating revenue	8,272,415	8,212,862	0.73%
Operating income	1,230,103	1,111,612	10.66%
Income before tax	1,365,336	1,273,833	7.18%
Net income	1,069,107	1,009,453	5.91%
Net income attributable to owners of the parent company	1,072,204	1,018,940	5.23%

(II) Forecast and implementation

Unit: Pcs; Sets

Main Products	Target sales in 2023	Actual sales in 2023	Achievement Rate
Kitchen Appliance (Note 1)	753,661	625,452	82.99%
Water Heater	361,075	313,511	86.83%
Cabinet of Kitchen System (Note 2)	36,642	35,610	97.18%
Others (Note 3)	300,549	285,572	95.02%
Total	1,451,927	1,260,145	86.79%

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 achievement 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	2023	2022	Increase (decrease)%
Cash generated from operating activities	1,279,926	981,143	30.45%
Cash used in investment activitie	(116,557)	25,269	(561.26%)
Cash generated used in financing activities	(747,855)	(818,289)	8.61%

2. Profitability Analysis

Item \ Year		2023	2022
Return on assets (%)		11.82	12.05
Return on equity (%)		18.23	18.25
Ratio to paid-in capital (%)	Operating income	55.63	50.27
	Income before tax	61.74	57.60
Profit margin (%)		12.96	12.40
Earnings per share (NT$)		4.90	4.66

(IV) Research and development status

The Sakura R&D team has infused the brand spirit of “Creators of a Better Life” into the research and development of products. In addition to dedicating efforts to developing convenient, safe, healthy, and environmentally friendly kitchen appliances and gas products, we have also expanded our product line to include water purifiers and built-in appliances. Over the past two years, the successfully developed products are as follows:

1. Seasons Smart Thermostatic Water Heater
2. Four Seasons Turbocharged Smart Thermostatic Water Heater
3. Circulating Water Heating Water Heater
4. Beauty Bath Smart Thermostatic Water Heater
5. Capacity-boosting Constant Temperature Storage Water Heater
6. Scale-filtering Storage Water Heater
7. Dual-energy Concentrated Gas Stove
8. Timed Control Anti-Backfire Gas Stove
9. Gesture-activated Lift-and-lower Range Hood
10. Near-suction Type Oil Smoke Extractor
11. Turbine Variable Frequency European-style Oil Smoke Extractor
12. Floor-mounted Built-in UV Sterilizing Dish Dryer
13. Floor-mounted Built-in Dual-drying Dish Dryer
14. Area-specific Water Purifier
15. Multi-functional Display Water Purifier
16. Filtering and Heating Dual-function Under-counter Heater
17. Hot Air-Drying Dishwasher

18. Multi-functional Microwave Steamer Oven
19. Built-in Wine Cabinet

II. 2024 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 2024
Kitchen Appliance (Note 1)	692,250
Water Heater	323,303
Kitchen cabinets (Note 2)	36,717
Others (Note 3)	356,387
Total	1,408,657

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 2024 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 Over-all Business Environment on the Company

The post-pandemic era has brought forth numerous challenges, including supply chain disruptions, labor shortages, and fluctuating market demands. Consumers are shifting towards online shopping and remote work, placing greater emphasis on health and safety. Simultaneously, the pandemic has catalyzed digital transformation and innovation, prompting many businesses to accelerate their efforts to adapt to new market trends and consumer needs.

In recent years, Sakura in Taiwan has been continuously advancing its medium to long-term strategic plans. In 2022, the Group officially unveiled its new vision, “Creator of a Better Home Life,” setting its direction to develop various products and services with “family needs at the core.” This shift aims to bring more focus to the future development blueprint.

To realize this development blueprint, we launched corresponding initiatives last year and achieved outstanding results:

1. We pioneered the SAKURA iCare one-click registration smart service, embodying our commitment to “care at all times, eternal protection.”
2. We invested in establishing the SAKURA GROUP Brand Pavilion, presenting the “Home in O.N.E” comprehensive solution, providing innovative one-stop services to create value for customers and partners.
3. The construction of the new factory in Wufeng is underway and is expected to be completed by the end of the year. It will create a more autonomous, flexible, and customizable smart production environment.

To cope with the expanding scale across different industries, we adopt a holistic approach to group development. We promote the integration of group resources, leverage organizational influence, and foster unity, pragmatic innovation, and flexibility to adapt to changing circumstances.

“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.
	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.
	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".
2014	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.
	Sep.	Established the "Service Management Division" to coordinate 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".
2020	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
	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 r our customers.

Jul. Launched the “Intelligent Dual Flame Gas Stove with Auto Shut-off Function” T 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.

2023 Mar. The Sakura Group has established the first intelligent kitchen and bathroom factory in Taiwan, marking a new milestone in the industry. A groundbreaking ceremony and blessing ritual were held for the new factory in the Wuri District of Taichung.

Jun. Exclusively represent the hundred-year-old German brand “TEKA,” elevating the overall value of kitchens and meeting the needs of high-end consumers.

Sep. The 2023 New Product Launch Event was centered around the theme of embracing intelligence and finding joy in life. We proudly presented a range of exciting new products, including the “Near-suction Concealed Range Hood,” the “Dual-temperature Hot and Cold-Water Dispenser,” and the “Dual-flame Glass Cooktop Stove in Rouge Pink.”

2023 Oct. The grand opening of the Sakura Group's Neihu Brand Pavilion introduces the innovative service concept “HOME in O.N.E,” offering a comprehensive solution with “one-stop service,” “diverse product choices,” and “easy ownership.” This innovative one-stop service aims to meet the diverse needs of families.

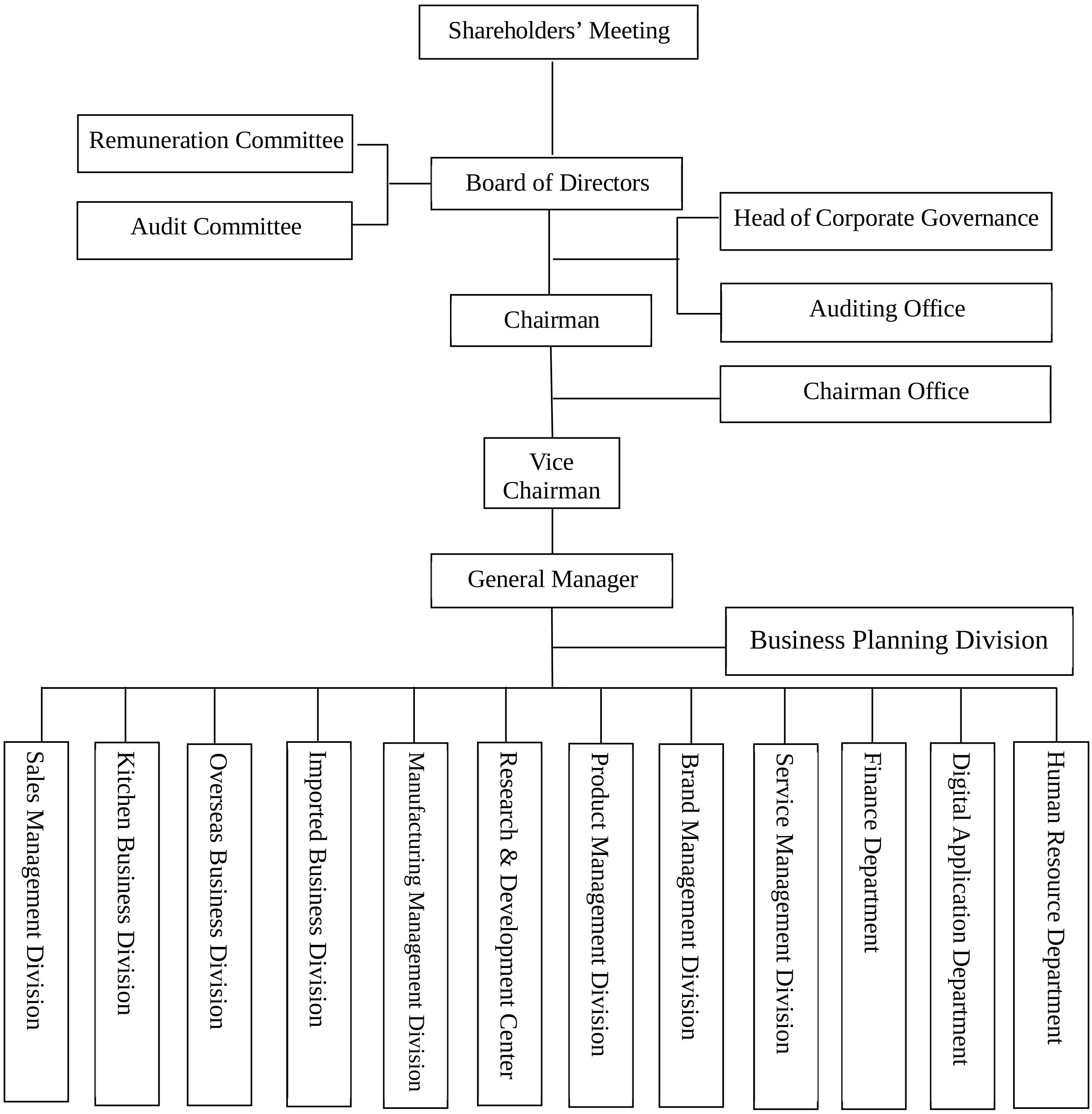
Dec. Received the Popular Brand Award at the 2023 Beautiful Home Awards.

Hosted the 35th Sakura Scholarship Award Ceremony, continuing to give back to Taiwanese families and create a better life.

Chaper 3 Corporate Governance Report

I. Organization

(I) Organizational Chart



(II) Major Corporate Functions

Auditing Office	Responsible for inspecting and reviewing the deficiencies of the internal control system for the board of directors and management. Providing timely improvement suggestions to assist the Company in achieving the objectives of the internal control system and ensuring the continuous and effective implementation of the internal control system as a basis for reviewing and revising the internal control system. In addition, the whistleblowing task force regularly reports the investigation results directly to the Audit Committee to prevent internal deficiencies and eliminate dishonest behavior to ensure the implementation of the integrity-driven business policy.
Head of Corporate Governance	Responsible for reporting the corporate governance operation status to the board of directors, directors and functional committees, ensuring compliance with relevant laws and regulations and Corporate Governance Best Practiceregarding the convening of shareholder meetings and board meetings. The Board of Directors and the Shareholders' Meeting are responsible for reviewing the disclosure of significant decisions made by the board, thereby safeguarding equal access to trading information for investors. Planning annual training programs and arranging courses for directors based on the company's industry characteristics and the educational and experiential backgrounds of the directors.
Business Planning Division	Responsible for the Company's business planning, business analysis, integration of the entire company's management system, business performance management, investment analysis, enterprise resource integration and legal affairs, and assists the general manager and various business units in planning short, medium, and long-term development strategies for the company. The Business Planning Division serves as a communication bridge between the Company, its investors, media, and stakeholders in order to effectively convey information on various aspects such as the Company's business philosophy, latest developments, and sustainability initiatives to external world. Allowing stakeholders to grasp significant financial and operational information about the company to consolidate its excellent corporate image.
Sale Management Division	Responsible for leading the marketing activities, related to kitchen equipment, water heaters, and other related products.
Kitchen Business Division	Responsible for the overall planning, execution, and marketing of the design and development of kitchen-related products.
Overseas Business Division	Responsible for marketing activities related to the company's own brand products, as well as OEM/ODM marketing activities in the international market. Also responsible for the management and operations of overseas subsidiaries.
Imported Business Division	Responsible for managing the import and sale of kitchen appliances and metal hardware parts.
Manufacturing Management Division	Responsible for the manufacturing of kitchen appliances, water heaters and other related productsuch as complete kitchen setups.

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.
Product Management Division	Leads the product strategy planning, product development, pricing, and industrial design functionality for kitchen appliances products.
Brand Management Division	Responsible for group brand management, media production coordination and promotion operations, public opinion monitoring, social media management, and planning of brand PR activities.
Service Management Division	Responsible for coordinating and managing consumer services, product maintenance, and quality improvement related to the group's brand. Also responsible for supervising and managing the integration of service policies and education/training across business units.
Finance Department	Responsible for overseeing financial accounting, tax accounting, management accounting and treasury management-related tasks within the company. Providing professional financial services to enhance the profitability and growth of business units. Establishing strict risk management controls and promoting operational transparency in adherence to strong ethical principles Ensuring the implementation of financial plans to safeguard shareholder interests.
Digital Application Department	Responsible for the establishment and maintenance of the Company's information software and hardware systems, ensuring information security and backups. Planning, building, and operating the company's information management system to meet users' needs for systemization. Ensuring maximum return on investment in information-related assets, 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 and related tasks within the company, aligning with strategic development needs. Planning and implementing organizational human resource strategies to continuously enhance the company's human capita, ensuring sustainable operations. 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 employees and build a good working environment.

II. Directors and Management Team

(I) Directors

I. Director Information：

21 April 2024

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 Supervisors who are spouses or within two degrees of kinship			Remark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	UNJ Holding Corp	-	17/06/2022	3	17/06/2022	4,701,000	2.13%	4,701,000	2.13%	-	-	-	-	-	-	-	-	-	-
		Representative: 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 Sakura Corporation Executive Director of Svago International Corporation	Chairman, Taiwan Sakura Corporation Chairman, Sakura Bath and Kitchen Products (China) Co., Ltd. Chairman, Sakura Shunde Co., Ltd. Chairman, Sakura Bath and Kitchen Products (Huanan) Co., Ltd. Chairman, Svago International Corporation Director, Sakura Enterprise (B.V. I.) Ltd. Director, SAKURA (CAYMAN) CO., LTD. Director, Sakura China Holdings (HK) Co., Ltd. Chairman, SAKURA Home Collection Co., Ltd. Chairman, UNJ Holding Corp. Director, Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	NA	NA	NA	NA
Vice Chairman	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 Management Department, Taiwan Sakura Executive Vice President of Taiwan Sakura Corporation General Manager, TAIWAN SAKURA CORPORATION	Vice Chairman, TAIWAN SAKURA CORPORATION Director, Sakura Enterprises (B.V.I.) Ltd. Director, SVAGO INTERNATIONAL CORPORATION Director, SAKURA Home Collection Co., Ltd. Director, Mekong Trading Corporation Director, PUDA INDUSTRIAL 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 Supervisors who are spouses or within two degrees of kinship			Remark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	UNJ Holding Corp	-	17/06/2022	3	17/06/2022	4,701,000	2.13%	4,701,000	2.13%	-	-	-	-	-	-	-	-	-	-
		Representative: Gen-Cheng Wu	Male 61-70 Years old	17/06/2022	3	01/03/2020	-	-	-	-	-	-	-	-	Department of Journal- sm, Chinese Culture University Senior Deputy General Manager, Want Want China Times Media Group Publisher/President, China Times Chairman, China Televi- sion Company, Ltd. Chairman, China Times Weekly General Manager, Info- times	Chairman, JING SHIH Finance and Economic Media Co., Ltd. Independent Director, Mediera Corporation Independent Director, Ming-Shiuan Development Co., Ltd.	NA	NA	NA	NA
Director	R.O.C.	SVAGO INTERNA- TIONAL CORPORA- TION	-	17/06/2022	3	04/06/2002	2,312,932	1.05%	2,312,932	1.05%	-	-	-	-	-	-	-	-	-	-
		Representative: Hui-Hsun Lee	Male 51-60 Years old	17/06/2022	3	19/01/2018	38,000	0.02%	43,000	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 President of Taiwan Sakura Corporation	General Manager, TAIWAN SAKURA CORPORATION Director, SVAGO INTERNATIONAL CORPORATION 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 Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	SVAGO INTERNA-TIONAL CORPORA-TION	-	17/06/2022	3	04/06/2002	2,312,932	1.05%	2,312,932	1.05%	-	-	-	-	-	-	-	-	-	-
		Representative: Wen-Su Tsai	Male 61-70 Years old	17/06/2022	3	13/06/2016	12,248	0.01%	12,248	0.01%	4,800	0.00%	-	-	Manager, Ying Chun Co., Ltd. Vice President, Sales management Division, TAIWAN SAKURA CORPORATION	-	NA	NA	NA	NA
Director	R.O.C.	Ko Li Te Investment Co., Ltd.	-	17/06/2022	3	24/06/2019	13,268,176	6.00%	13,268,176	6.00%	-	-	-	-	-	-	-	-	-	-
		Representative: Ching-Wen Chang	Female 41-50 Years old	17/06/2022	3	17/06/2022	93,439	0.04%	93,439	0.04%	-	-	-	-	USC Marshall School of Business Management Department Managing director, Sakura Bath and Kitchen Products (China) Co., Ltd	Supervisor, Ko Li Te Investment Co., Ltd. Director, An Shih Li, LTD. Chairman, BOUNCE PRETTY CO., LTD.	Vice Presi-dent	Yong-Zheng Chang	Sib-ling	NA
Independent Director	R.O.C.	Jyh-Ren Chen	Male 61-70 Years old	17/06/2022	3	13/06/2016	-	-	-	-	-	-	-	-	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 Department, 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 Administration Office Director, GMT Global Inc. Independent Director, H.P.B. Optoelectronics 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 Supervisors who are spouses or within two degrees of kinship			Remark (Note 2)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Yu-Cheng Chen	Male 61-70 Years old	17/06/2022	3	13/06/2016	-	-	-	-	-	-	-	-	National Chung Cheng University of Ph.D, Chinese Culture University 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 Depart- ment Accounting, Providence University Chairman of Department Accounting, National Chung Hsing University Chairman of Department of Finance, National Chung Hsing University	Remuneration Committee Member, Taiwan Sakura Corporation Professor, Department of Finance, National Chung Hsing University Independent Director, Sunspring Metal Corporation Convener of Audit Committee, Sunspring Metal Corporation Remuneration Committee Member, Sunspring Metal Corporation Independent Director, Sentien Printing Factory Co., Ltd. Audit Committee Member, Sentien Printing Factory Co., Ltd. Convener of Remuneration Committee, Sentien Printing Factory Co., Ltd.	NA	NA	NA	NA
Independent Director	R.O.C.	Ming-Yuan Cheng	Male 51-60 Years old	17/06/2022	3	24/06/2019	-	-	-	-	-	-	-	-	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. Deputy General Manager 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 Chairman, 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, reasonable- ness, 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.

2. Major shareholders of the institutional shareholders：

21 April 2024

Name of institutional shareholders	Major shareholders
Svago International Corporation	Taiwan Sakura Corporation 100%
Ko Li Te Investment Co., Ltd.	Yong-Zheng Chang50%, Ching-Wen Chang49%, Ming-Siang Tsai 0.5%, Ko Li Te Investment Co., Ltd. (Treasury Shares) 0.5%
UNJ Holding Corp.	Yung-Chieh Chang97%, Man-Shi Li 3%

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

21 April 2024

Name of institutional shareholders	Major shareholders
Taiwan Sakura Corporation	Jin Rong Investment Co., Ltd.6.42% Yuan Chi In- vestment, Ltd.6.02% Ko Li Te Investment Co., Ltd.6.00% Chin Yeh Investment Co., Ltd .5.56% Fubon Life Insurance Co., Ltd.4.97% Taiwan Sakura Corporation Employee Stock Ownership Trust Property Account of CTBC Bank 4.73% 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

Conditions / Name	Professional Qualifications and Experience	Independent Status	Number of independent directors of other public companies
UNJ Holding Corp. Representative: Yung-Chieh Chang	• 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	• Senior Deputy General Manager 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 Man- ager 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

Conditions / Name	Professional Qualifications and Experience	Independent Status	Number of independent directors of other public companies
Yuo-Tu Lin	• Vice President of Marketing Management Department of Taiwan Sakura Corporation, General Manager, 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
SVAGO INTERNATIONAL CORPORATION Representative: Hui-Hsun Lee	• Manager, Consumer Product Business Division, Yuen Foong Yu Paper Mfg. Co., Ltd., Director General, Sales Management Division, Taiwan Sakura Corporation, Vice President, Management Planning Division, Taiwan Sakura Corporation, Executive Vice President, TAIWAN SAKURA CORPORATION, such as the Outstanding Manager Award for the Central Rhas received the Outstanding Manager Award for the Central Region, National Management Excellence Award. Winner. • 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	• Senior Manager, Ying Chun Co., Ltd., Vice President, Sales Management Division, TAIWAN SAKURA CORPORATION 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	• 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 Com- pany Act.There are no occurrences under Article 30 of the Company Act.	Not applicable	0

Name \ Conditions	Professional Qualifications and Experience	Independent Status	Number of independent directors of other public companies
Jyh-Ren Chen Independent Director	• 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 govern- ance and management practices, financial information analysis and application capabilities. Extensive experi- ence and strategic planning expertise in company-related industries, as well as provide insightful discern- ment and analysis on industry development. • Manager of the Financial Department, Globe Union; Deputy General Manager 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
Yu-Cheng Chen Independent Director	• Ph.D., the Department of Accounting, National Chengchi University • Member of the Audit Committee of the Company. • Convenor of the Company's Compensation Commit- tee. • 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 manage- ment, 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 in- dependence requirements outlined in "the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	2
Ming-Yuan Cheng Independent Director	• 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.; Deputy General Manager of IBT Securities Co., Ltd.; Manager of SBC Global As- set 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 develop-ment 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, ac-counting, 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 in-dustry 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 pro-fessional in corporate governance and management practices, analysis and application of finan-cial 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 Remuneration 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 exper-tise 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 serv-ing as an Assistant Professor in the Department of Accounting at Feng Chia University, special-izing 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 Direc-tors are as follows:

Diversity Core Item / Name of Directors	Basic composition								Industrial experience			Professional knowledge/skills						
	Nationality	Gender	Concurrent position in the company	Age			Tenure of In-dependent 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 Co.,Ltd. Representative: Ching-Wen Chang	ROC	Female		✓					✓	○	✓	○	○	✓	○	✓	✓	○
Jyh-Ren Chen Independent Director	ROC	Male				✓		✓		✓	✓	✓	✓	✓	○	○	✓	○
Yu-Cheng Chen Independent Director	ROC	Male				✓		✓		✓			✓	✓				
Ming-Yuan Cheng Independent Director	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 5 years, while two have served for 8 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

21 April 2024

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 (Note1)
					Shares	%	Shares	%	Shares	%			Title	Name	Rela-tion	
General Manager (Note 2)	R.O.C.	Hui-Hsun Lee	Male	01/07/2023	43,000	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. Director, SVAGO INTERNATIONAL CORPORATION Director, SAKURA Home Collection Co., Ltd.	NA	NA	NA	NA
Vice President, Sales Management Department	R.O.C.	Tai-Chen Chen	Male	01/08/2023	8,656	0.00%	-	-	-	-	Institute of Business Administration, California State University Deputy General Manager, SVAGO INTERNATIONAL CORPORATION	NA	NA	NA	NA	NA
Vice President, Manufacturing Management Division and Research & Development Cente	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	NA
Vice President, Kitchen Business Division	R.O.C.	Lien-Fa Chen	Male	01/08/2023	105	0.00%	10,000	0.00%	-	-	Director General of the Kitchen Business Division, TAIWAN SAKURA CORPORATION	NA	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 Vice General Manager, Sakura Bath and Kitchen Products (China) Co., Ltd.	Supervisor, SVAGO INTERNATIONAL CORPORATION Supervisor, Sakura Bath and Kitchen Products (China) Co., Ltd. Supervisor, Sakura Shunde Co., Ltd. Director, Sakura Bath and Kitchen Products (Huanan) Co., Ltd. Supervisor, Puda Industrial Co., Ltd.	NA	NA	NA	NA
Vice President, Overseas Business Division Business Division	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 CEO, Sakura Bath and Kitchen Products (China) Co., Ltd. Vice Chairman, Sakura Bath and Kitchen Products (China) Co., Ltd.	Director, SVAGO INTERNATIONAL CORPORATION Director, Sakura Bath and Kitchen Products (China) Co., Ltd. Director, Sakura Shunde Co., Ltd. Director, Mekong Trading Corporation Chairman, Ko Li Te Investment 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 (Note1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Manager, Imported Business Division	R.O.C.	Wei-Hung Chen	Male	02/09/2019	2,000	0.00%	3,000	0.00%	-	-	MBA, HEC Paris, France General Manager, MAY HARVEST INT'L LIMITED TAIWAN BRANCH (H.K.)	NA	NA	NA	NA	NA
Senior Manager, Brand Management Division (Note3)	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	NA
Senior Manager, Product Management Division (Note3)	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	NA
Manager, Service Management Division	R.O.C.	Jin-Hui Zhong	Female	01/10/2022	-	-	-	-	-	-	Department of Leisure and Recreation Business Management, National Taichung University of Science and Technology Senior Associate, TeleXpress Corp Deputy Manager, HAVAS FIELD FORCE TAIWAN LTD.	NA	NA	NA	NA	NA
Senior Manager, Digital Application Department and Information Security Officer	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. Deputy General Manager, IT Division, VeeTime Corp. Deputy General Manager, Performax Co. Ltd. Manager, IT Department and Marketing Department, Mobiletron Electronics Co., Ltd	NA	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 (Note1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Finance Department Manager Head of Corporate Governance	R.O.C	Hsiu- Chi Chan	Female	01/04/2021	-	-	142,479	0.06%	-	-	Financial Coordinator, Taiwan Sakura Corporation	Financial Supervisor, SVAGO INTERNATIONAL CORPORATION Financial Supervisor, SAKURA Home Collec- tion Co., Ltd. Financial Supervisor, Sakura Enterprises (B.V.I.) Ltd. Financial Supervisor, Sakura Pan Pacific Holdings (Singapore) Pte. Ltd. Supervisor, Mekong Trading Corporation	NA	NA	NA	NA
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, 2023.

Note 3: In line with the group's development strategy to strengthen brand and product operations, the original “Marketing Plan Division” has been split into two independent business units: “Product Management Division” and “Brand Management Division”. These departments are headed by the former Director of the Sales Management Division, Shu-Chen Teng, and the Senior Manager of the Research and Development Center, Wen-I Chen, respectively, both promoted to the highest executive positions.

III. Remuneration of Directors, General Manager, and Deputy General Manager

(I) Remuneration of Directors and Independent Directors of 2023

Unit : NT $ thousands

Title	Name	Remuneration of Directors: Base Compensation (A): The Company	Base Compensation (A): All Companies in the Consolidated Financial Statements	Retirement Pension (B): The Company	Retirement Pension (B): All Companies in the Consolidated Financial Statements	Directors' Remuneration (C) (Note 1): The Company	Directors' Remuneration (C) (Note 1): All Companies in the Consolidated Financial Statements	Allowances (D): The Company	Allowances (D): All Companies in the Consolidated Financial Statements	Ratio of A+B+C+D to Net Income: The Company	Ratio of A+B+C+D to Net Income: All Companies in the Consolidated Financial Statements	Relevant Remuneration Received by Directors Who Are Also Employees: Salary, Bonus and Allowances (E): The Company	Salary, Bonus and Allowances (E): All Companies in the Consolidated Financial Statements	Retirement Pension (F): The Company	Retirement Pension (F): All Companies in the Consolidated Financial Statements	Profit Sharing- Employee Bonus (G) (Note 2): The Company: Cash	Profit Sharing- Employee Bonus (G) (Note 2): The Company: Stock	Profit Sharing- Employee Bonus (G) (Note 2): All Companies in the Consolidated Financial Statements: Cash	Profit Sharing- Employee Bonus (G) (Note 2): All Companies in the Consolidated Financial Statements: Stock	Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income: The Company	Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income: All Companies in the Consolidated Financial Statements	Compensation Paid to Directors From an Invested Company or Parent Company Other than the Company's Subsidiary
Chairman	UNJ Holding Corp Representative: Yung-Chieh Chang	10,949	10,949	-	-	26,758	26,758	2,880	2,880	40,587 3.79%	40,587 3.79%	34,817	38,800	333	333	1,050	-	1,050	-	76,787 7.16%	80,770 7.53%	None
Vice Chairman	Yuo-Tu Lin																					
Director	UNJ Holding Corp Representative: Gen-Cheng Wu																					
Director	SVAGO INTERNATIONAL CORPORATION Representative: Hui-Hsun Lee																					
Director	SVAGO INTERNATIONAL CORPORATION Representative: Wen-Su Tsai																					
Director	Ko Li Te Investment Co., Ltd. Representative: Ching-Wen Chang																					
Independent Director	Jyh-Ren Chen	300	300	-	-	-	-	1,318	1,318	1,618 0.15%	1,618 0.15%	-	-	-	-	-	-	-	-	1,618 0.15%	1,618 0.15%	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 Art 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; an 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 compensation and directors' remuneration), 2% to 8% of the annual profit shall be appropriated as employee compensation and no more than 5% is used as directors' remuneration. The allocation of dir 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 indivi 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 2023 is $26,758 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 2022.

Note 2: The total amount allocated for employee compensation for the fiscal year 2023 is $42,249thousands. The individual distribution amounts are yet to be proposed, so they are estimated based on the actual distribution of employee compensation in the fiscal year 2022.

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、Hui-Hsun Lee、Wen-Su Tsai	Jyh-Ren Chen、Yu-Cheng Chen、Ming-Yuan Cheng、Gen-Cheng Wu、Ching-Wen Chang、Hui-Hsun Lee、Wen-Su Tsai	Jyh-Ren Chen、Yu-Cheng Chen、Ming-Yuan Cheng、Gen-Cheng Wu、Ching-Wen Chang	Jyh-Ren Chen、Yu-Cheng Chen、Ming-Yuan Cheng、Gen-Cheng Wu、Ching-Wen Chang
NT$1,000,000 ~ NT$2,000,000	Ko Li Te Investment Co., Ltd.	Ko Li Te Investment Co., Ltd.	Ko Li Te Investment Co., Ltd.	Ko Li Te Investment Co., Ltd.
NT$2,000,000 ~ NT$3,500,000	SVAGO INTERNATIONAL CORPORATION	SVAGO INTERNATIONAL CORPORATION	SVAGO INTERNATIONAL CORPORATION	SVAGO INTERNATIONAL CORPORATION
NT$3,500,000 ~ NT$5,000,000	Yuo-Tu Lin	Yuo-Tu Lin	-	-
NT$5,000,000 ~ NT$10,000,000	-	-	Wen-Su Tsai	Wen-Su Tsai
NT$10,000,000 ~ NT$15,000,000	Yung-Chieh Chang	Yung-Chieh Chang	Yung-Chieh Chang、Hui-Hsun Lee	Yung-Chieh Chang、Hui-Hsun Lee
NT$15,000,000 ~ NT$30,000,000	UNJ Holding Corp	UNJ Holding Corp	UNJ Holding Corp、Yuo-Tu Lin	UNJ Holding Corp、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	12 人	12 人	12 人	12 人

* 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 2023

Unit: in NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A) (Note 1)</th><th colspan="2">Retirement Pension (B)</th><th colspan="2">Bonus and Allowances (C) (Note 2)</th><th colspan="4">Profit Sharing- Employee Bonus (D) (Note 3)</th><th colspan="2">Ratio of Total Compensation (A+B+C+D) to Net Income</th><th rowspan="3">Compensation Paid to the President and Vice President from an Invested Company Other than the Company’s Subsidiary</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All Companies in the Consolidated Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">All Companies in the Consolidated Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">All Companies in the Consolidated Financial Statements</th><th colspan="2">The Company</th><th colspan="2">All Companies in the Consolidated Financial Statements</th><th rowspan="2">The Company</th><th rowspan="2">All Companies in the Consolidated Financial Statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td rowspan="2">General Manager (Note 4)</td><td>Yuo-Tu Lin(former)</td><td rowspan="9">14,703</td><td rowspan="9">14,703</td><td rowspan="9">647</td><td rowspan="9">647</td><td rowspan="9">36,201</td><td rowspan="9">37,808</td><td rowspan="9">2,760</td><td rowspan="9">-</td><td rowspan="9">2,760</td><td rowspan="9">-</td><td rowspan="9">54,311
5.07%</td><td rowspan="9">55,918
5.22%</td><td rowspan="9">None</td></tr>
<tr><td>Hui-Hsun Lee(new)</td></tr>
<tr><td>Vice President, Manufacturing Management Division and Research & Development Center</td><td>Yih-Yuan Hsu</td></tr>
<tr><td rowspan="2">Vice President,
Sales Management Division (Note 5)</td><td>Wen-Su Tsai(former)</td></tr>
<tr><td>Tai-Cheng Chen (new)</td></tr>
<tr><td rowspan="2">Vice President, Kitchen Business Division (Nte 6)</td><td>Tsung-Nan Hsieh(former)</td></tr>
<tr><td>Lian-Fa Chen(new)</td></tr>
<tr><td>Vice President, Oversea Business Division</td><td>Yong-Zheng Chang</td></tr>
<tr><td>Vice President, Management Planning Division</td><td>Hung-Chi Lai</td></tr>
</table>

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 compensation for the fiscal year 2023 is $42,249 thousands. The individual distribution amounts are yet to be proposed, so they are estimated based on the actual distribution of employee compensation in the fiscal year 2022.

Note 4: Yuo-Tu Lin was promoted to Vice Chairman effective 1 July 2023, and Hui-Hsun Lee, the former Executive Deputy General Manager, was promoted to succeed him as General Manager.

Note 5: Wen-Su Tsai's role was adjusted to Special Assistant to the Chairman effective 1 August 2023, and Tai-Cheng Chen, the former Deputy General Manager of SVAGO INTERNATIONAL CORPORATION, was transferred to succeed him as Vice General Manager of Sales Management Devision.

Note 6: Tsung-Nan Hsieh's role was adjusted to Special Assistant to the Chairman effective 1 August 2023, and Lian-Fa Chen, the former Director-General of the Integrated Kitchen Business Division, was promoted to succeed him as Deputy General Manager of the Integrated Kitchen Business Division.

Note 7: If there are changes in positions during the year, the above table only calculates the remuneration during the tenure of General Manager and Deputy General Manager.

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	Wen-Su Tsai、Tsung-Nan Hsieh	Wen-Su Tsai、Tsung-Nan Hsieh
NT$2,000,000 ~ NT$3,500,000		
NT$3,500,000 ~ NT$5,000,000	Hung-Chi Lai、Tai-Chen Chen、Lien-Fa Chen	Tai-Chen Chen、Lien-Fa Chen
NT$5,000,000 ~ NT$10,000,000	Yih-Yuan Hsu、Yong-Zheng Chang	Yih-Yuan Hsu、Hung-Chi Lai、Yong-Zheng Chang
NT$10,000,000 ~ NT$15,000,000	Hui-Hsun Lee	Hui-Hsun Lee
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	9	9

◆ 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	Hui-Hsun Lee	0	5,519	5,519	0.51%
	Vice President, Sales Management Division	Tai-Chen Chen				
	Vice President, Manufacturing Management Division and Research & Development Center	Yih-Yuan Hsu				
	Vice President, Kitchen Business Division	Lien-Fa Chen				
	Vice President, Management Planning Division	Hung-Chi Lai				
	Vice President, Overseas Business Division	Yong-Zheng Chang				
	Senior Manager, Imported Business Division	Wei-Hung Chen				
	Senior Manager, Brand management	Shu-Chen Teng				
	Senior Manager, Product management	Wen-I Chen				
	Manager, Service Management Division	Jin-Hui Zhong				
	Senior Manager, Digital Application Division	Yueh-Tiann Tsai				
	Finance Manager and Corporate Governance Officer	Hsiu- Chi Chan				
	Manager, Human Resource Division	Wan-Ju Liao				
	Manager, Internal Audit Department	Chiao-Ho Chen				

Note 1: The total amount of employee compensation allocated by the Board of Directors for 2023 is NT$42,249 thousands. The individual distribution amounts have not been proposed yet, therefore an estimate is provisionally recorded based on the actual distribution of employee compensation for 2022.

(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			
	2023		2022		2023		2022	
	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	42,205	3.94%	43,045	4.22%	42,205	3.94%	43,045	4.22%
General manager's and vice presidents' remuneration	54,311	5.07%	47,268	4.64%	55,918	5.22%	48,770	4.79%

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 compensation. The distribution of employee compensation 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 Remuneration 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 com-pany may face in the future. The remuneration is established and administered according to relevant management regulations. The Remuneration 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 6 (A) board meetings were held in 2023. The attendance of directors and supervisors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A)	Remarks
Chairman	UNJ Holding Corp Representative: Yung-Chieh Chang	6	0	100%	
Director	UNJ Holding Corp Representative: Gen-Cheng Wu	5	1	83.33%	
Director	Yuo-Tu Lin	6	0	100%	
Director	SVAGO INTERNATIONAL CORPORATION Representative: Hui-Hsun Lee	6	0	100%	
Director	SVAGO INTERNATIONAL CORPORATION Representative: Wen-Su Tsai	6	0	100%	
Director	Ko Li Te Investment Co., Ltd. Representative: Ching-Wen Chang	6	0	100%	
Independent Director	Jyh-Ren Chen	6	0	100%	
Independent Director	Yu-Cheng Chen	6	0	100%	
Independent Director	Ming-Yuan Cheng	6	0	100%	

Other itmes to be disclosed:

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
14 March 2023 13-5	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.
	The Company's 2022 performance bonus for the General Manager.	Yuo-Tu Lin		

21 June 2023 13-7	The compensation for the newly appointed Deputy Chairman of the company.	Yuo-Tu Lin	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.
	The compensation for the newly appointed General Manager of the company.	Hui-Hsun Lee		
4 January 2024 13-10	Revising the contract for the Deputy Chairman of the company.	Yuo-Tu Lin	The stakeholder was excused from the discus- sion and voting	Pursuant to the law, the concerning party was excused from the discussion and voting; the attending directors concurred.
13 March 2024 13-11	The Company's 2023 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.
	The Company's 2023 performance bonus for the Deputy Chairman.	Yuo-Tu Lin		

III. Implementation of Evaluations of the Board of Directors:

Cycle	Period	Scope	Method	Content
Once annually	From 1 January 2023 to 31 December 2023	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.	1.Level of participation in company operations 2.Enhancing the quality of Board decision-making 3. Composition and structure of the Board of Directors 4. Director appointment and continuous education 5. Internal controls
		Individual director performance evaluation	The Board of Directors' performance evaluation is conducted through an internal questionnaire for self-assessment within the Board of Directors.	1. Understanding of company goals and missions 2. Awareness of director responsibilities 3. Level of participation in company operations 4. Internal relationship management and communication 5. Director's expertise and continuous education 6. Internal controls
		Performance evaluation of functional committees (such as the Audit Committee or Remuneration Committee)	The Board of Directors' performance evaluation is conducted through an internal questionnaire for self-assessment within the Board of Directors.	1. Level of participation in company operations 2. Awareness of functional committee responsibilities 3. Enhancing the quality of functional committee decision-making 4. Composition and appointment of functional committee members 5. Internal controls

The performance evaluation results of the Board of Directors, individual directors, Audit Committee, and Remuneration Committee for the year 2023 were all excellent. The evaluation results have been submitted to the respective entities, with the Board of Directors on 13 March 2024, the Audit Committee on 13 March 2024, and the Remuneration Committee on 13 March 2024. 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 sim-ultaneously 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 person-nel 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 Ethical Conduct “, “Corporate Governance Best-Practice Principle”, “Risk and Opportunities Management Approach” and “Crisis Management Approach” to establish a risk management mecha-nism 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 ex-ternal 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 at-tested 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 2023 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, in-formation 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 6 (A) meetings of the Audit Committee were held in 2023. 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	6	0	100%	
Independent Director	Yu-Cheng Chen	6	0	100%	
Independent Director	Ming-Yuan Cheng	6	0	100%	

Other itmes to be disclosed:

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
04/01/2023 2-3	1. Discussion of the audit report for the fourth quarter of 2022. 2. Revision of the company's internal rules and regulations: "Code of Ethical Conduct," "Delegation of Authorization Management Regulations," "Quality and Environmental Management Manual," "Service Policy White Paper," and "Rules of Procedures for Board Meeting."	Approved by all Directors present without objection.
14/03/2023 2-4	1. Internal Control System Statement for 2022. 2. Bussiness report and financial statements for 2022. 3. Developing procedures and general policies for obtaining prior approval for non-assurance services from Ernst & Young, Taiwan and its affiliated entities. 4. Assessment of the independence and suitability of the attesting CPAs for 2023, along with the engagement and professional fees proposal. 5. Discussion on SAKURA Home Collection Co., Ltd.'s application for a short-term credit loan facility from the North Taichung Branch of Hua Nan Commercial Bank, with the Company committed to providing endorsement/ guarantee for the renewal.	Approved by all Directors present without objection.
10/05/2023 2-5	1. The Company's 2022 earnings distribution proposal. 2. Financial Report for the first quarter of 2023. 3. Audit Report for the first quarter of 2023.	Approved by all Direc- tors present without objection.
16/06/2023 2-6	1. Discussion on the revision of the "Taiwan Sakura Level of Authority Regulations."	Approved by all Directors present without objection.
08/08/2023 2-7	1. Financial Report for the second quarter of 2023. 2. Audit Report for the second quarter of 2023. 3. Discussion on the revision of the internal rules and regulations of the Company concerning the "Operational Procedure for Preparation and Validation of the Sustainability Report."	Approved by all Directors present without objection.
08/11/2023 2-8	1. Financial Report for the third quarter of 2023. 2. Audit report for the third quarter of 2023. 3. Discussion on the internal audit plan for 2024. 4. Discussion on Svago International Corporation's Application to the West Taichung Branch of Land Bank of Taiwan for a Short-Term Credit Loan Facility, with the Company Providing Endorsement/ Guarantee for the Renewal. 5. Discussion on SAKURA Home Collection Co., Ltd.'s application to the Shizheng Branch of CTBC Bank for a short-term credit loan facility, with the Company providing endorsement/ guarantee. 6. Discussion on SAKURA Home Collection Co., Ltd.'s application to O-Bank for a short-term credit loan facility, with the Company providing endorsement/ guarantee. 7. Discussion on the revision of the internal rules and regulations of the company, including the "Rules Governing Financial and Business Matters Between the Company and its Related Parties," "Operating Procedures for Handling Director Requests," "Regulations Governing the Administration of Shareholder Services," "Management Procedures for Preparation of Financial Statements," "Procedures for Professional Accounting Judgments, Processes for Making Changes in Accounting Policies and Estimates," "Quality and Environmental Management Manual," and "Opportunity and Risk Management Procedures."	Approved by all Directors present without objection.

(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 spec- ified: None.

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 2023. 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 2023. 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 2023 are as follows:

Date	Committee	Items with the chief internal auditor	Results
04/01/2023 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 third quarter and the audit report of the fourth quarter of the fiscal year 2022. 2. Audit the revision of internal reg- ulations.	1. Noted, no further suggestions. 2. After deliberation by the Audit Committee, it will be reported to the Board of Directors.
14/03/2023 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 internal Control System Statement of the fiscal year 2022	After deliberation by the Audit Committee, it will be reported to the Board of Directors.

10/05/2023 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 fourth quarter of the fiscal year 2022 and the audit re- port of the first quarter of the fiscal year 2023.	Noted, no further suggestions.
16/06/2023 Audit Committee	Independent Director, Jyh-Ren Chen Independent Director, Yu-Cheng Chen Independent Director, Ming-Yuan Cheng Audit Office Supervisor, Chiao-Ho Chen	Audit the revision of internal regulations.	After deliberation by the Audit Committee, it will be reported to the Board of Directors.
08/08/2023 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 first quarter of the fiscal year 2023 and the audit report of the second 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.
08/11/2023 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 2023 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 2023 are as follows:

Date	Committee	Items with CPAs	Results
14/03/2023 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 2022 financial statements. 2. Updates on regulatory and tax laws.	Noted, no further suggestions.

	08/08/2023 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 2023 financial statements. 2. 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 Compa-nies"?	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 litiga-tions, 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 5% 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.
III.Composition and Responsibilities of the Board of Directors (I) Does the Board develop and implement a diversified policy for the composition of its members?	V		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 back-grounds, 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. 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. Refer to page 20-21 for explanation of the diversity of the board of directors and the independence.	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		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. The results of the board performance evaluation, individual director performance evaluation, audit committee performance evaluation, and remuneration committee performance evaluation for the year 2023 were all excellent. These evaluation results have been submitted to the Board of Directors on 13 March 2024, the Audit Comittee on 13 March 2024, and the Remuneration Committee on 13 March 2024. 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 32 of the annual report.	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 regularly evaluate the independence of CPAs?	V		The Company's Audit Committee conducts an independent assessment of CPAs once a year. The main assessment issues are as follows: 1. Whether the CPAs hold shares of the Company. 2. Whether the CPAs have any significant financial interests in the Company other than financial and tax audit fees. 3. Whether the CPAs hold any position in the Company. 4. Whether the CPAs have not changed for seven consecutive years. 5. Whether the CPAs perform services for the company that might impair audit independence. 6. Whether the CPAs have an actual or potential litigation relationship with the Company. 7. Whether the CPAs receive any gifts of goods or services of inappropriate value from the Company. 8. Whether the CPAs have been disciplined 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: 1. Professionalism (1) Whether senior auditors have sufficient audit experience to perform the audit work. (2) Whether auditors and senior auditors receive sufficient education and training each year to continuously acquire professional knowledge and skills. (3) Whether the firm maintains an adequate pool of senior resources. (4) Whether the firm has sufficient professional staff to support the audit team.	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	
			2. Quality Control (1) Whether auditors' workload is excessive. (2) Whether the involvement of audit team members at each stage of the audit is appropriate (3) Whether the Engagement Quality Control Review (EQCR) auditor dedicates sufficient hours to perform the review of audit cases. (4) Whether the firm has adequate quality control resources to support the audit team. 3. Independence (1) The impact of the proportion of non-audit service fees on independence. (2) The impact of the cumulative number of years of auditing a client's financial state- ments on independence. 4. Oversight (1) Whether the firm's quality control and execution of audit cases comply with relevant laws and standards. (2) Whether the firm has sufficient quality control resources to support the audit team. 5. Innovation Capability (1) The commitment of the accounting firm to enhance audit quality, including the firm's innovation capability and planning. The most recent evaluation result confirms that theCPAs for 2024 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 13 March 2024, and reported to and approved by the Board of Directors on the same day.	

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 have a suitable and appropriate number of corporate gov ernance personnel and designate a corporate governance 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 re lated matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)?	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: 1. Research and plan the corporate system and organizational structure to promote the in-dependence of the Board of Directors, the transparency of the Company, compliance with laws and regulations, and the imple-mentation 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.	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	
			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 dead- line, 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. 6. Reporting to the Board of Directors on the latest legal and regulatory amendments in the Company's areas of operation and corporate governance. 7. Assisting directors in their appointment and planning and organizing annual continuing education programs for Directors according to their academic and experience back- ground as well as the characteristics of the Company's industry. 8. Providing directors with company information necessary for the performance of their duties and maintaining smooth com- munication between directors and department heads. 9. Assisting in arranging meetings between independent directors and internal auditors or CPAs to understand the Company's finan- cial operations. 10. Other matters as specified in the articles of incorporation or contract. The Implementation of Governance Governance in 2023:	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			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. 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 2023, the Company held 6 Board of Directors meetings, 6 Audit Committee meetings and 6 Remuneration Committee meetings. 3. The Board of Directors and the shareholders' meeting are responsible for reviewing the release of material information on im- portant 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.	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			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. 5. Providing corporate information needed by directors and maintaining smooth communication between directors and department heads. 6. Registering the date of shareholders' meeting (19 June 2024) in accordance with the legal deadline and assist in convening the shareholders' meeting. 7. The Company arranged a 6-hour in-home training course for directors on “Corporate Governance” and “Corporate Sustainability Governance: Mandatory Course and Management of Insider Trading Prevention.” Other director training courses were also arranged based on individual needs. 8. Independent directors, internal audit managers, and auditors held discussions during the Audit Committee meetings. A summary of the communication is provided on pages 37 and on the company's website. Details of the corporate governance director's training in 2023 can be found on page 81.	

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		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: 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: (1) In terms of structure, the Company sets up employee relationship units and HR representee 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 largescale sports events, etc. 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.	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?	V		Relevant financial operations, ESG 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		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, cus-tomers 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 81-82 for details on Director's Continuing Education.	Compliance with the code of practice for corporate.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>7. Implementation of risk management policies and risk measurement standards:
In accordance with applicable laws and 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.
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.
9. Implementation of purchasing insurance for director: As reported to the Board of Directors on November 8, 2023, the Company purchased liability insurance for directors.</td><td></td></tr>
</table>

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 10th corporate governance evaluation of the Company in 2023, the improvements and priorities measures in 2024 are as follows:

Item	Evaluation item	Improvement / Priorities measures
1	Has the company established a dedicated (full-time or part-time) position to promote sustainable development, conduct risk assessments on environmental, social, or corporate governance issues relevant to the company's operations based on materiality principles, formulate related risk management policies or strategies, and have these initiatives overseen by the Board of Directors, with disclosures made on the company's website and in the annual report?	The details have been disclosed in the annual report, please refer to Page 57-58 for more information.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
2 Does the Company establish a dedicated (part-time) position to promote corporate integrity management, responsible for formulating and supervising the implementation of integrity management policies and preventive measures? Does it also explain the operation and execution of the established unit on the company's website and annual report, and report to the board of directors at least once a year?			The details have been disclosed in the annual report, please refer to Page 74-75 for more information.	
3 Does the Company disclose the annual greenhouse gas emissions, water consumption, and total waste weight for the past two years?			The details have been disclosed in the annual report, please refer to Pages 63-64 for more information.	

(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 "Remuneration Committee Organization Regulations", the Remuneration Committee shall meet at least twice a year and the Remuneration Committee meeting was held 6 times in 2023.

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)	• Member of the Audit Committee of the Company. • Convenor of the Company's Remuneration 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. • Former Independent Director of Sen Tien Printing Factory Co., Ltd. Independent Director of Grand Bills Finance Corporation, Supervisor of Ta Chia Yung Ho Machine Industry Co., Ltd., Independent Director of DaFon Environmental Technology Co., Ltd., Chairman of Department Accounting at Providence University, Department Chairman of the Accounting Department at National Chung Hsing University, Department Chair/Director of the Finance Department at National Chung Hsing University. • Currently serving as a Professor in the Department of Finance and Financial Management at National Chung Hsing University and as an Independent Director at Sunspring Metal Corporation. • There are no cases under Article 30 of the Company Act.	• 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. • 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	• Member of the Remuneration 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.	• 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. • 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	• Member of the Audit Committee of the Company. • Member of the Remuneration Committee of the Company. • 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, Taiwan Pharmaceuticals Co., Ltd. Assistant Professor (part-time), Department of Accounting, Feng Chia University. • There are no cases under Article 30 of the Company Act.	• 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. • ˙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 3 members.

(2)The tenure of the current members of the Remuneration Committee is from 17 June 2022 to 16 June 2025. A total of 6 (A) meetings of the remuneration committee were held in 2023. 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	6	0	100%	
Member	Hui-Ping Lai	6	0	100%	
Member	Ming-Yuan Cheng	6	0	100%	

Other itmes to be disclosed:

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 2023 are as follows:

Date of the Meeting Session	Resolution content	Resolution result
17 January 2023 5-3	1. The Company's submission for the year-end bonus for 2022. 2. Annual review of managerial performance and salary compensation fairness within the company.	After the Chairman consulted all members present, the motion was passed without objection.
13 March 2023 5-4	1. The Company’s 2022 variable year-end bonus for the Chairman. 2. The Company’s 2022 performance bonus for the General Manager.	
10 May 2023 5-5	Proposal for the 2022 Employee Compensation and Director Remuneration within the company.	
16 June 2023 5-6	1. Proposal for the Distribution of Director Remuneration for 2022 within the company. 2. The compensation for the newly appointed Vice Chairman of the company. 3. The compensation for the newly appointed General Manager of the company.	
27 September 2023 5-7	Proposal for the Distribution of Employee Compensation for 2022 within the company.	
28 December 2023 5-8	Revising the contract for the Vice Chairman 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:

<table>
<tr><th rowspan="2">Initiatives</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>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?</td><td></td><td>V</td><td>The Company has established the “Sustainable Development Best Practice Principles,” with the Operations Planning Office responsible for formulating sustainable development strategies and executing plans. They regularly report to the Board of Directors, which provides oversight and guidance on relevant issues. The Finance Department assists in promoting “Corporate Governance” initiatives, while the Human Resources Department supports “Employee Care” activities. Other relevant departments assist in promoting initiatives related to “Sustainable Environment and Social Welfare.” The Marketing Plan Division and the Finance Department submitted reports to the Board of Directors on sustainability-related issues for 2023 on the following dates:
<table>
<tr><th>Submission Dates</th><th>Matters Submitted for Review</th></tr>
<tr><td>14 March 2023</td><td>Progress report on the execution of greenhouse gas inventory for the fourth quarter of 2022</td></tr>
<tr><td>10 May 2023</td><td>Progress report on the execution of greenhouse gas inventory for the first quarter of 2023 along with the results and improvement plan report for the corporate governance evaluation of 2022</td></tr>
<tr><td>8 August 2023</td><td>Progress report on the execution of greenhouse gas inventory for the second quarter of 2023</td></tr>
</table></td><td>In cmpliance with the ESG Best Practice Principles</td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>8 November 2023</td><td>Report on the progress of sustainable development initiatives and execution status of greenhouse gas inventory for 2023, along with the framework for promoting ESG strategies</td></tr></table>The Company has established a greenhouse gas inventory team as a priority in 2023, in addition to adopting phased planning. In the first half of the year, we collaborated with external consultants to conduct an internal comprehensive inventory, identify emission sources, and define boundaries and projects within the organization.</td><td></td></tr>
<tr><td>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?</td><td>V</td><td></td><td>1. The Company has established a “Risk and Opportunities Management Approach” to adopt proactive measures, aiming to minimize losses caused by risks. We regularly identify, assess, handle, and monitor potential risks that may affect the company's objectives. These risks are regularly tracked and integrated into the daily operations of various departments.
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:
(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</td><td>In cmpliance with the ESG Best Practice Principles</td></tr>
</table>

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	Yes	No	Abstract Explanation	
			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. The Company sources its operational water from both domestic water and industrial wastewater, primarily generated from the production process. The industrial wastewater undergoes treatment in compliance with regulations and holds permits for water pollution prevention and control measures issued by the competent authority. All industrial wastewater is channeled through dedicated pipelines to the wastewater treatment facilities, where it is treated to meet environmental standards before discharge through specialized sewage pipelines. External accredited testing agencies conduct water quality tests on both raw wastewater and discharged water semi-annually. Domestic water used across various plant areas is subject to periodic water quality testing by accredited agencies. 100% of the Company's energy consumption is derived from purchased electricity, encompassing non-renewable fuels such as gasoline, diesel, liquefied petroleum gas, and mixed gas (for gas distribution). Moving forward, Sakura Taiwan aims to reduce energy consumption by evaluating and planning energy-saving equipment and implementing effective energy consumption management through energy management systems. (2) Society: The Company adheres to the "Internal and External Communication Management Regulations." Procurement and relevant units require suppliers, contractors, and subcontractors to comply with relevant	

Initiatives	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
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			norms and obligations and meet the Company's environmental, safety, and health management requirements as specified in contracts or orders. This serves as the basis for product procurement or service acceptance. In the event of significant environmental or social impacts resulting from a supplier's policy violation, the Company reserves the right to terminate or rescind the contract at any time. To promote harmonious relations with employees, the Company has established multiple channels for regular dialogue with employees. Through comprehensive two-way communication mechanisms, employees gain a thorough understanding of the Company's operational activities, management plans, and other aspects of information. This enables them to have opportunities to obtain information and express their opinions, fostering harmony and prosperity between the Company and its employees. The Company collaborates closely with distribution partners to continuously develop distribution channels and establish new sales models, working hand in hand with the Company to provide customers and consumers with quality home living experiences. (3) Corporate Governance: Corporate governance and directors attend external training courses related to corporate governance to enhance knowledge related to corporate governance. 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.	

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	Yes	No	Abstract Explanation	
III. Environmental issues (I) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		The Company is committed to environmental sustainability and has established an "Environmental, Health, and Safety Policy". In response to the increasingly severe environmental issues, the Company has established the " Environmental, Safety and Health Policy" and "Environmental Management Review System" 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. Since September 2011, our company has been certified with ISO14001 Environmental Management System certification, ensuring that our environmental management system meets international standards.	In cmpliance with the ESG Best Practice Principles
(II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		The Company is committed to enhancing the development of high-energy-efficient products, continuously responding to energy policies, and collaborating with suppliers and consumers to jointly contribute to energy conservation, carbon reduction, and greenhouse gas emission reduction efforts.	In cmpliance with the ESG Best Practice Principles

Initiatives	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			Through process technology, product research and development, smart manufacturing, and innovative services, we strive to optimize and enhance energy-efficient products. For example, our beauty shower water heater product incorporates French FOF technology to prevent scaling in pipelines and environmental contamination. As of 31 December 2023, the sales proportion of the Company's first and second-level energy-saving products reached 77% for gas stoves, 97% for water heaters, and 90% for hot and cold-water dispensers. Externally, the Company continues to introduce environmentally friendly products, while internally, we promote green initiatives through practical actions such as equipment upgrades, improvements, and refinements within the plant. By optimizing process conditions and installing high-efficiency treatment equipment, we aim to reduce energy consumption and enhance energy efficiency. For instance, the conversion of traditional air compressors to variable frequency ones at the Daya plant resulted in a 46% increase in energy efficiency on average after the improvement. This competitive advantage will contribute to Sakura Taiwan's ongoing promotion and efforts to transition towards a low-carbon, energy-efficient, and sustainable enterprise. The Company also promotes the improvement of resource utilization efficiency by implementing resource recycling, classification, and reuse to reduce waste generation and minimize environmental impact. We adhere to the principle of responsible production and select qualified waste management vendors to ensure proper supervision and management of waste disposal.	

<table>
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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>(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?</td><td>V</td><td></td><td>Based on the internal risk assessment process, the Company has developed strategies for addressing both the risks and opportunities associated with climate change. We have aligned our actions with the regulations set by customers and regulatory authorities in this regard. Additionally, we continuously develop high-energy-efficient products to meet market demands and proactively engage in technological layout to adapt to market changes.
The Company adheres to the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), effectively managing indicators of 11 climate change risks and opportunities across four core elements: “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets.”</td><td>In cmpliance with the ESG Best Practice Principles</td></tr>
<tr><td>(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?</td><td>V</td><td></td><td>Since 2021, the Company has been conducting greenhouse gas inventories for its business operations in accordance with the ISO14064-1 standard. The inventory scope covers factories and operational sites in Taiwan. The greenhouse gas emissions for the past two years are as follows:
Unit: Tonne CO_2e/Year
<table>
<tr><th>Items</th><th>2022</th><th>2023</th></tr>
<tr><td>Scope 1 (Direct emissions)</td><td>975</td><td>680</td></tr>
<tr><td>Scope 2 (Indirect emissions)</td><td>3,252</td><td>3,043</td></tr>
<tr><td>Total greenhouse gas emissions</td><td>4,227</td><td>3,723</td></tr>
</table>
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</td><td>In cmpliance with the ESG Best Practice Principles</td></tr>
</table>

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<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>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. The Company's water usage and waste generation for the past two years in Taiwan are as follows:
<table>
<tr><th>Items</th><th>Unit</th><th>2022</th><th>2023</th></tr>
<tr><td>Tap water consumption</td><td>Water usage rate</td><td>13,430</td><td>16,882</td></tr>
<tr><td>Employee water usage intensity</td><td>Water usage rate per person</td><td>12.65</td><td>15.84</td></tr>
</table>
<table>
<tr><th colspan="2">Items</th><th>Unit</th><th>2022</th><th>2023</th></tr>
<tr><td colspan="2">Hazardous waste</td><td>Tonne</td><td>0</td><td>0</td></tr>
<tr><td rowspan="2">Non-hazardous waste</td><td>Household waste</td><td>Tonne</td><td>420</td><td>276</td></tr>
<tr><td>Non-household waste</td><td>Tonne</td><td>1,627</td><td>1,583</td></tr>
<tr><td colspan="2">Per capita waste generation</td><td>Tonne</td><td>1.93</td><td>1.74</td></tr>
</table></td><td></td></tr>
<tr><td>IV. Social issues
(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>V</td><td></td><td>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</td><td>In cmpliance with the ESG Best Practice Principles</td></tr>
</table>

Initiatives	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			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, socioeconomic status, age, marital status, and family status, regarding employment conditions, compensation, benefits, training, performance evaluation, and promoti 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 awarenesscampaigns on human rights-related matters are con-ducted 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 compensation?	V		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	In cmpliance with the ESG Best Practice Principles

Initiatives	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			employees through various welfare measures. Other welfare measures are described as follows: 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: The Company regards its employees as its most valuable assets and is committed to providing a diverse and inclusive workplace environment deeply rooted in a people-centric culture. We uphold a policy of non-discrimination based on gender, race, social class, age, marital status, language, ideology, religion, political affiliation, birthplace, appearance, physical or mental disabilities, and any other factors. Our language, attitude, and behavior reflect equal treatment for all individuals. Together, we strive to create a dignified, safe, equitable, discrimination-free, and harassment-free work environment. Currently, male and female employees comprise approximately 63% and 37%, respectively, while male and	

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			female managerial positions account for approximately 76% and 24%, respectively. The Company actively fosters diversity in the workplace and seeks to attract top talent to contribute to both the enterprise and society, particularly amid the global talent shortage. 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. 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. 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. 6. Health Management Program: The Company conducts regular health checks for employees everyyear 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	

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	Yes	No	Abstract Explanation	
			check doctor directly so that they can have a more comprehensive view of their health status and manage it. 7. Employee Welfare Measures: The Company currently offers a variety of employee welfare initiatives, including yoga, badminton, table tennis clubs, periodic health and financial seminar activities, Sakura Family Day, hiking trips, group dinners, and outings. Additionally, annual recognitions for senior and outstanding employees, employee health check-ups, and group insurance plans are conducted to ensure the maximum welfare for employees.	
(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. Furthermore, the Company initiated a manufacturing safety optimization project in the third quarter of 2023, aiming to foster a friendly and safe workplace environment through voluntary participation from all employees in the project team. In addition, environmental safety and health policies, environmental safety and health management review systems have been formulated, and environmental safety and health performance management indicators have been set to eliminate or reduce environmental safety and health risks arising from internal operations, the Company received ISO45001:2018 (formerlyOHSAS 18001) “Safety, Health and Environmental Protection System” certification, and implemented safety, health and environmental protection indicators to eliminate or reduce	In cmpliance with the ESG Best Practice Principles

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			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 Company values employee career development, which includes talent cultivation pathways categorized into four main dimensions: induction, reserve, professional, and general. Each year, training plans are systematically designed according to the training framework, progressively covering various job categories. We ensure training quality and learning effectiveness by understanding needs and planning before courses, tracking performance afterward, and refining subsequent courses. Additionally, the Company emphasizes and promotes core values of "Integrity," "Foresight," "Passion," "Professionalism," and "Sharing." Details of employee education and training courses for 2023, please refer to page 120.	In cmpliance with the ESG Best Practice Principles

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	Yes	No	Abstract Explanation	
(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 prioritizes customer satisfaction with various services, corporate image, brand value, and perceived service quality. We are dedicated to providing comprehensive product solutions and innovative products. We have dedicated units responsible for product development, design, production, delivery, and maintenance services, aiming to provide services in the shortest possible time. If customers have any feedback or opinions regarding the functionality, quality, or maintenance services of our products, the company has a toll-free service hotline (0800-021-818) set up as a channel for complaints. We promptly and properly handle consumer inquiries or opinions about our products or services. We comply with relevant personal data protection regulations, respecting consumer privacy rights, and properly handling the personal data provided by consumers. The company has established comprehensive service policies to protect consumer rights and interests. The Company considers customer personal information as one of its most important assets in serving customers. Therefore, it has established internal information security management policies, planned and implemented information security operations, and promoted and implemented security policies. The Company regularly examines and reviews the implementation status of internal information security. If any deficiencies are found during the audit, the units under inspection are immediately requested to propose relevant improvement plans and concrete actions. The Company also regularly tracks the effectiveness of the improvements to reduce internal information security risks. The maintenance rate of customer data management has remained at	In cmpliance with the ESG Best Practice Principles

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	Yes	No	Abstract Explanation	
			100% annually, and the use of data is limited to the departments responsible for customer service. As a result, there have been no incidents involving the security of internal or external information to date.	
(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		To establish long-term cooperation with suppliers, the Company has established the “Supplier Management Regulations” and the “Procurement Safety and Hygiene Assessment Management Procedures”. Regular assessments are conducted on aspects such as product quality, cost, delivery time, service (cooperation), environmental protection, and occupational health and safety. High-quality and suitable supplier partners are selected, following the six main management strategies for suppliers. Additionally, the Company adheres to the supplier policy of “viewing suppliers as partners, guiding long-term cooperation with suppliers”, to plan a comprehensive supplier-based management model. Four major criteria for supplier evaluation and management are outlined, aiming to establish a sustainable supply chain management mechanism.	In cmpliance with the ESG Best Practice Principles
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		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 Company follows the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), focusing on four core	In cmpliance with the ESG Best Practice Principles

Initiatives	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
		V	elements: “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets.” It effectively manages indicators related to 11 climate change risks and opportunities. Additionally, the Company discloses sustainability-related indicators that have significant financial impacts according to the Sustainability Accounting Standards Board (SASB) industry standards for the household appliances manufacturing sector. The Corporate Social Responsibility Report has not yet obtained the assurance or opinion of a third-party verification unit.	Planning with the third-party verification
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) Certifications and awards related to sustainable development 1. ISO 9001 Quality Management System Certification (Valid period: 11 August 2021 to 3 August 2024) 2. ISO 14001 Environmental Management System Certification (Valid period: 15 Augudt 2023 to 16 July 2026) 3. ISO 45001 Occupational Safety and Health Management System (Valid period: 25 December 2021 to24 December 2024) 4. Awarded the “Gold Medal in TTQS Talent Development Quality Management System” in 2018 5. For 36 consecutive years, we have been honored as the top consumer's preferred brand, and our products have continuously won the Taiwan Excellence Award for 21 years in a row. (II) Corporate Vision and Cultural Enhancement: During the third quarter of 2023, the Human Resources Department of the Company launched a three-month Find joy in the little things initiative. This initiative encouraged all employees to share the simple pleasures around them voluntarily, fostering an environment of “keen observation and attentive listening.” Over 10 departments and 157 colleagues participated in contributing to this endeavor. (III) TMO Transformation Office Project Drive: In an effort to inspire employees to break away from conventional organizational structures and embrace a customer-centric mindset, the Company introduced the TMO project in 2023. This initiative acts as a hub for incubating innovative cross-organizational initiatives and laying the groundwork for future talent development. More than 35 colleagues were organized into four key focus areas: “Business Innovation, Customer Journey, Data Governance, and Employee Experience”. These cross-departmental TMO teams are tasked with exploring diverse avenues for future growth within their respective domains.				

Initiatives	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	

(IV) Public Welfare and Social Engagement:

1. To inspire talented students to showcase their design creativity and cultivate culinary space design skills, the Company has hosted the “Sakura Awards” kitchen design competition for 11 consecutive years. Despite the suspension in 2020 due to the COVID-19 pandemic, the 2023 edition received 557 entries, with scholarships totaling NT$399,000 awarded. Over the years, from 2012 to 2023, the competition has nurtured over 4,500 student entries, with nearly NT$4 million in scholarships awarded.
2. Facilitating industry-academia collaboration to provide students with a practical learning platform: Offering summer internship opportunities to “Sakura Awards” winners; Establishing long-term partnerships with Overseas Chinese University for a dual-track program, enabling students to pursue academic studies and gain work experience simultaneously throughout their university years; Providing summer internship programs for third-year students at National Taichung University of Education.
3. Actively promoting environmental sustainability: Collaborated with The Society of Wilderness for the “River Rafting Clean Up” on 15 July 2023, mobilizing nearly 200 employees and their families to remove 291 kilograms of trash from the Taiwan Boulevard section of Rafting Creek in Taichung.
4. Actively supporting the development of local sports: In 2023, the Company sponsored the World Baseball Classic with NT$1 million, supported the Jing Du Have Love Charity Golf Cup with NT$100,000, and joined the Marie Claire Taiwan Charity Run, providing its hot water heaters and water purifiers as event prizes.
5. Following a gas explosion incident in Zhubei City in 2023, the Company launched a caring initiative to offer complimentary safety inspections for gas water heaters in the Zhubei area. Skilled service personnel visited homes to ensure the safety of consumers using such heaters.
6. The Company has been an annual donor to the Sakura Cultural and Educational Foundation, aiding in the promotion of diverse cultural and educational welfare activities, nurturing outstanding students, and supporting excellent medical professionals. In 2023, the Company's donation amounted to NT$3 million. The “Sakura Education Scholarship,” now in its 35th year, has benefited nearly 9,000 students. The “Sakura Medical Talent Cultivation Program” has sponsored 148 in-service physicians from 2022 to 2023, enabling them to pursue advanced studies domestically and internationally to enhance their medical expertise.
7. Maintaining strong ties with local communities and neighborhoods in Taichung, the Company consistently donates to support local activities and public welfare endeavors. This includes community development associations in Daya, Shengang, and Wuri Districts, temples, fire stations, police precincts, and local welfare organizations. In 2023, the total donation amounted to NT$2.66 million. On 20 August 2023, the Company hosted a charity carnival at its headquarters in Daya, inviting local welfare organizations from Taichung to participate and donating the proceeds from the sale of charity gift bags to the Huiming School for the Blind in Taichung.
8. Organizing annual blood donation drives to demonstrate practical care for society and save lives.

(V) Please refer to the ESG Report of the Taiwan Sakura Company 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 Items	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" are the most important core values in the corporate culture. The Company maintains a consistent ethical standard in all business activities and has a "Code of Ethical Conduct" 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.	In Compliance with Ethical Corporate Management Best-Practice Principles
(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?	V		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 Ethical Conduct" 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.	In Compliance with Ethical Corporate Management Best-Practice Principles

Evaluation Items	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(III) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, commit to implementation of the policies, regularly review and revise the aforementioned policies?	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, 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.	In Compliance with Ethical Corporate Management Best-Practice Principles
II. Fulfill operations integrity policy (I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		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	In Compliance with Ethical Corporate Management Best-Practice Principles

Evaluation Items	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Company frequently communicates its ethical standards to customers on a regular basis through various consumer audits and the exchange of related issues.	
(II) Does the company establish an exclusively dedicated unit supervised by the board to be in charge of 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?		V	The Company's integrity management policies and prevention measures are formulated and executed by the Human Resources Department. They report annually to the Board of Directors, with the most recent report being on 8 November 2023. The company's integrity management implementation on 2023 is as follows: 1. Rules and Regulations The Company has established management norms including the " Ethical Corporate Management Best Practice Principles," "Employee Code of Ethical Conduct Management Regulations," "Insider Trading Prevention Management Regulations," and "Whistleblowing and Protection System Management Regulations." These integrity management principles are openly disclosed on the company website and in the employee NOTES section. 2. Commitment Upon employment, all employees are required to sign an Employee Service Agreement, committing to abide by relevant integrity regulations. 3. New Employee Education and Training In 2023, the Company organized four new employee education and training sessions, attended by a total of 110 individuals. Participants were clearly informed of the Company's integrity operation and regulatory requirements, while also becoming acquainted with the company's core values of "Integrity, Foresight,	In Compliance with Ethical Corporate Management Best-Practice Principles

Evaluation Items	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Passion, Professionalism, and Shared Success,” thereby instilling integrity operation DNA. 4. Company-Wide Mobilization Monthly Meetings In 2023, the Company conducted three integrity management policy advocacy sessions during company-wide mobilization monthly meetings, with a total participation of 396 individuals. The advocacy content included prohibitions against dishonest behaviors, bribery and improper benefits, improper gifts and entertainment, as well as whistleblower channels.	
(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		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.	In Compliance with Ethical Corporate Management Best-Practice Principles
(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?	V		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-	In Compliance with Ethical Corporate Management Best-Practice Principles

Evaluation Items	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			assessment, each department and subsidiary is required to self-assess the effectiveness of the design and implementation of the internal control system.	
(V) Does the company regularly hold internal and external educational trainings on operational integrity?	V		The Company has included the "Ethical Corporate Management Best Practice Principles" in the mandatory training program for new employees. Additionally, integrity management-related regulations are advocated through regular company-wide mobilization monthly meetings.	In Compliance with Ethical Corporate Management Best-Practice Principles
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?	V		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.	In Compliance with Ethical Corporate Management Best-Practice Principles
(II) Does the company establish standard operating procedures, measures ought to be taken afterwards, relevant confidentiality measures on investigating accusation cases?	V		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: Email: t0509@sakura.com.tw Contact number: +886-4-25666106 ext. 827 Human Resources Manager: +886-4-25666106 ext. 665	In Compliance with Ethical Corporate Management Best-Practice Principles
(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	In Compliance with Ethical Corporate Management

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td>protected during the whistleblowing process and is not penalized as a result of whistleblowing.</td><td>Best-Practice Principles</td></tr>
<tr><td>IV. Strengthening information disclosure
Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</td><td>V</td><td></td><td>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 ESG Report also provide detailed information on the content and effectiveness of the Company's ethical practices.</td><td>In Compliance with Ethical Corporate Management Best-Practice Principles</td></tr>
<tr><td colspan="5">V. If the company has its own Code of Ethical Conduct in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”, please describe how its operation differs from the Code:
The Company has a “Code of Ethical Conduct” 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 Ethical Conduct” and the content of the “Code of Conduct for Listed Companies”.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies):
(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.
(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 cur-rent 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.
(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.
(IV) The Company shall periodically review and revise the “Code of Ethical Conduct” 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.</td></tr>
</table>

(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 2023 annual training of the Company’s Directors and Supervisors is as follows:

Title	Name	Date	Organizer	Course Title	Training hours
Chairman	Yung-Chieh Chang	10 May 2023	Taiwan Corporate Governance Association	The Group’s Corporate Governance	3
		8 August 2023	Taiwan Corporate Governance Association	Corporate Sustainability Governance: Mandatory Course and Management of Insider Trading Prevention	3
Director	Yuo-Tu Lin	10 May 2023	Taiwan Corporate Governance Association	The Group’s Corporate Governance	3
		8 August 2023	Taiwan Corporate Governance Association	Corporate Sustainability Governance: Mandatory Course and Management of Insider Trading Prevention	3
Representative of the Corporate Director	Gen-Cheng Wu	10 May 2023	Taiwan Corporate Governance Association	The Group’s Corporate Governance	3
		4 July 2023	TWSE	2023 Cathy Sustainable Finance and Climate Change Summit	6
Representative of the Corporate Director	Hui-Hsun Lee	10 May 2023	Taiwan Corporate Governance Association	The Group’s Corporate Governance	3
		8 August 2023	Taiwan Corporate Governance Association	Corporate Sustainability Governance: Mandatory Course and Management of Insider Trading Prevention	3
Representative of the Corporate Director	Wen-Su Tsai	10 May 2023	Taiwan Corporate Governance Association	The Group’s Corporate Governance	3
		8 August 2023	Taiwan Corporate Governance Association	Corporate Sustainability Governance: Mandatory Course and Management of Insider Trading Prevention	3

Title	Name	Date	Organizer	Course Title	Training hours
Representative of the Corporate Director	Ching-Wen Chang	10 May 2023	Taiwan Corporate Governance Association	The Group’s Corporate Governance	3
		8 August 2023	Taiwan Corporate Governance Association	Corporate Sustainability Governance: Mandatory Course and Management of Insider Trading Prevention	3
Independent Director	Jyh-Ren Chen	10 May 2023	Taiwan Corporate Governance Association	The Group’s Corporate Governance	3
		8 August 2023	Taiwan Corporate Governance Association	Corporate Sustainability Governance: Mandatory Course and Management of Insider Trading Prevention	3
Independent Director	Yu-Cheng Chen	13 April 2023	Taiwan Institute of Directors	2023 KPMG Business Leader Academy Forum	3
		3 August 2023	Securities & Futures Institute	Introduction of Global and Taiwan Tax Reform and How to Improve Corporate Tax Governance Under Esg Trends and Post Covid Environment	3
Independent Director	Ming-Yuan Cheng	10 May 2023	Taiwan Corporate Governance Association	The Group’s Corporate Governance	3
		22 September 2023	Securities & Futures Institute	The Advanced Seminar for Directors, Supervisors (including Independent Supervisors), and corporate Governance Practitioners.	3

3. The following studies were pursued by the Head Of Corporate Governance in 2023:

Title	Name	Date	Organizer	Course Title	Training hours
Head of Corporate Governance	Hsiu-Chi Chan	10 May 2023	Taiwan Corporate Governance Association	The Group’s Corporate Governance	3
		2 June 2023	Securities & Futures Institute	Prevention of Insider Trading Advocacy Seminar	3
		8 August 2023	Taiwan Corporate Governance Association	Corporate Sustainability Governance: Mandatory Course and Management of Insider Trading Prevention	3
		20 October 2023	Securities & Futures Institute	Prevention of Insider Trading Advocacy Seminar	3
Total					12

4. The following studies were pursued by the Accounting Supervisor in 2023:

Title	Name	Date	Organizer	Course Title	Training hours
Accounting Supervisor	Hsiu-Chi Chan	10 July 2023 to 19 July 2023	Accounting Reserch and Develpment Foundation	Professional Development Course for Newly Appointed Accounting Managers of Issuers, Broker-Dealers, and Securities Exchanges	30
Total					30

5. The following studies were pursued by the Audit Office Supervisor and members in 2023:

Title	Name	Date	Organizer	Course Title	Training hours
Audit Office Supervisor	Chiao-Ho Chen	14 June 2023	The Institute of Internal Auditors	Risk-focused Internal Audit Methodology and Practice	6
		5 December 2023	Accounting Reserch and Develpment Foundation	Common Deficiencies in Preparation of Financial Report by Corporation and Practical Compliance with Internal Audit and Internal Control Legal Requirements	6
Audit Office Member	Jui-Ting Wang	22 March 2023	Securities & Futures Institute	Pre-employment Training Seminar for New Internal Audit Office Members in Enterprises	18
Audit Office Member	Shun-Pei Huang	7 June 2023	Computer Audit Association	Digital Era Procurement Process Control and Audit Practices	6
		2 November 2023	Computer Audit Association	Policy Analysis and Internal Audit/Internal Control Practices Seminar for Enhancing Enterprises' Financial Reporting Capabilities	6
Audit Office Member	Yu-Chi MO	1 February 2023	The Institute of Internal Auditors	(CIA Part 1) Core Knowledge and Skills Series for Internal Audit Personnel: Essence of Internal Auditing	18

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.

①Personnel 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.

②Regular 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.

③Job 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”, “Code of Conduct for Prohibition of Insider Trading” and “Rules Governing Financial and Business Matters Between the Company and its Related Parties” 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: 13 March 2024

The Company has conducted a self-assessment of internal controls in 2023. 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 2023, 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 13 March 2024, 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: Hui-Hsun Lee

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. Shareholders' Meeting Resolutions and Implementation Status:

The Company's 2023 Annual General Meeting of Shareholders was held on 21 June 2023 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 Status
Proposals	
1. Adoption of the Bsiness Report and Financial Statements for 2022.	As a result of the vote, the number of affirmative votes exceeded the legal limit, and the motion was passed.
2. Adoption of the Company's earnings distribution proposal for 2022.	As a result of the vote, the number of affirmative votes exceeded the legal limit, and the motion was passed. Implementation status: A cash dividend of NT$3.7 per share was distributed. The ex-dividend date was set as 1 July 2023, and the payment date was 21 July 2023.

2. Resolutions of the Board of Directors

Meeting Date	Important resolutions of the Board of Directors
4 January 2023	1. Approved the operational plan, budget, and major subsidiary budgets for 2023. 2. Approved the authorization for the Chairman to handle forward foreign exchange transactions within the authorized limit to mitigate exchange rate risks. 3. Approved the revision of the Company's internal rules and regulations: “Code of Ethical Conduct,” “Delegation of Authorization Management Regulations,” “Quality and Environmental Management Manual,” “Service Policy White Paper,” and “Rules of Procedures for Board Meeting.”.

Meeting Date	Important resolutions of the Board of Directors
14 March 2023	1. Approved the Internal Control System Statement for 2022. 2. Approved the Business Report and Financial Statements for 2022. 3. Approved the retrospective review by the Remuneration Committee of the year-end bonus for 2022. 4. The Company's 2022 variable year-end bonus for the Chairman. Approved the variable year-end bonus for the Chairman for the year 2022 following the review by the Remuneration Committee. 5. The Company's 2022 performance bonus for the General Manager. Approved the performance bonus for the General Manager for the year 2022 following the review by the Remuneration Committee. 6. Approved the proposal for convening the 2023 Shareholders' Meeting and related matters regarding the acceptance of shareholder proposals rights. 7. Approved the proposal for developing procedures and general policies for obtaining prior approval for non-assurance services from Ernst & Young, Taiwan, and its affiliated entities. 8. Approved the assessment of the independence and suitability of the attesting CPAs for 2023, along with the engagement and professional fees proposal for the company. 9. Approved the discussion on SAKURA Home Collection Co., Ltd.'s application for a short-term credit loan facility from the North Taichung Branch of Hua Nan Commercial Bank, with the Company committed to providing endorsement/guarantee for the renewal.
10 May 2023	1. Approved the proposal for the distribution of employee compensation and director remuneration for 2022 following the review by the Remuneration Committee. 2. Approved The Company's 2022 earnings distribution proposal. 3. Approved the proposal to distribute shareholder dividends for 2022 in cash. 4. Approved the financial report for the first quarter of 2023. 5. Approved the appointment of the Vice Chairman of the company. 6. Approved the change in the Company's General Manager. 7. Approved the establishment of the Sakura Culinary Lifestyle Gallery New Taipei flagship store.
21 June 2023	1. Approved the donation to the Sakura Cultural and Educational Foundation. 2. Approved the distribution of director remuneration for 2022. 3. Approved the compensation for the newly appointed Vice Chairman of the company. 4. Approved the compensation for the newly appointed General Manager of the company. 5. Approved the changes in the appointment of directors and supervisors for the company's invested businesses. 6. Approved the amendment of the internal rules and regulations of the company, specifically the "Taiwan Sakura Level of Authority Regulations."

Meeting Date	Important resolutions of the Board of Directors
8 August 2023	1. Approved the financial report for the second quarter of 2023. 2. Approved the establishment of a dedicated information security supervisor within the company. 3. Approved the application to the North Taichung Branch of Hua Nan Commercial Bank for the renewal of the short-term financing quota and export bill discounting quota. 4. Approved the application to the Taichung Branch of Huatai Bank for the renewal of the medium-to-long-term financing quota. 5. Approved the application to Chinatrust Commercial Bank for the renewal of the financing quota. 6. Approved the discussion on revising the internal rules and regulations of the Company regarding the “Operational Procedure for Preparation and Validation of the ESG Report.”
8 November 2023	1. Approved the retrospective review by the Remuneration Committee of the employee compensation distribution for 2022. 2. Approved the financial report for the third quarter of 2023. 3. Approved the internal audit annual plan for 2024. 4. Approved the application to the West Taichung Branch of Land Bank of Taiwan for the renewal of the export bill discounting quota and short-term financing comprehensive quota. 5. Approved the renewal of the pre-sale (purchase) foreign exchange quota application to Land Bank of Taiwan. 6. Approved the discussion on Svago International Corporation's application to the West Taichung Branch of Land Bank of Taiwan for a short-term credit loan facility, with the company providing endorsement/guarantee for the renewal. 7. Approved the discussion on Sakura Home Collection Co., Ltd.'s application to the Shizheng Branch of CTBC Bank for a short-term credit loan facility, with the company providing endorsement/guarantee. 8. Approved the discussion on Sakura Home Collection Co., Ltd.'s application to O-Bank for a short-term credit loan facility, with the company providing endorsement/guarantee. 9. Approved the discussion on the revision of the internal rules and regulations of the company, including the “Rules Governing Financial and Business Matters Between the Company and its Related Parties,” “Operating Procedures for Handling Director Requests,” “Regulations Governing the Administration of Shareholder Services,” “Management Procedures for Preparation of Financial Statements,” “Procedures for Professional Accounting Judgments, Processes for Making Changes in Accounting Policies and Estimates,” “Quality and Environmental Management Manual,” and “Opportunity and Risk Management Procedures.”
21 January 2024	1. Approved the operational plan, budget, and major subsidiary budgets for2024 of the company. 2. Approved the authorization for the Chairman to fully manage forward foreign exchange transactions within the approved limits to mitigate currency exchange risks. 3. Approved the revision of the contract for the Vice Chairman of the company.

Meeting Date	Important resolutions of the Board of Directors
13 March 2024	1. Approved the strategic investment plan aimed at promoting the development of the home furnishings business of the company. 2. Approved the purchase of automated production equipment for panel processing for the new factory in Wufeng. 3. Approved the Internal Control System Statement for 2023. 4. Approved the Business Report and Financial Statements for 2023. 5. Approved the proposal for the year-end bonus for 2023 following the review by the Remuneration Committee. 6. Approved the variable year-end bonus for the Chairman for 2023 following the review by the Remuneration Committee. 7. Approved the performance bonus for the Vice Chairman for 2023 following the review by the Remuneration Committee. 8. Approved the proposal for the earnings distribution for 2023. 9. Approved the proposal for distributing shareholder dividends for 2023 in cash. 10. Approved the proposal for convening the 2023 Shareholders' Meeting and related matters regarding the acceptance of shareholder proposals rights. 11. Approved the discussion on SAKURA Home Collection Co., Ltd.’s application for a short-term credit loan facility from the North Taichung Branch of Hua Nan Commercial Bank, with the Company committed to providing endorsement/ guarantee for the renewal. 12. Approved the assessment of the independence and suitability of the attesting CPAs for 2023, along with the engagement and professional fees proposal. 13. Approved the pre-authorization for the non-assurance services provided by Ernst & Young Taiwan and its affiliates for 2024. 14. Approved the revision of the company's internal rules and regulations: “Rules of Procedures for Board Meeting,” “Delegation of Authorization Management Regulations,” and “Information Security Management Standards.”
7 May 2024	1. Approved the proposal for the distribution of employee compensation and director remuneration for 2023, following review by the Remuneration Committee. 2. Approved the donation to the Sakura Cultural and Educational Foundation. 3. Approved the financial report for the first quarter of 2024. 4. Approved the appointment of directors for PUDA INDUSTRIAL CO., LTD, a subsidiary in which the company has invested. 5. Approved the proposal for SAKURA Home Collection Co., Ltd. to apply for a comprehensive short-term financing facility from Taipei Fubon Bank Shizheng Branch, with the company providing endorsement and guarantee.

(XII) Major issues of record or written statements made by any director or supervisor dissenting to importantn 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:

Title	Name	Date of registration	Date of dismissals	Reasons for resignation or dismissal
General Manager	Yuo-Tu Lin	13 June 2013	1 July 2023	Yuo-Tu Lin was promoted to Vice Chairman effective 1 July 2023. The position of General Manager has been filled by the former Executive Deputy General Manager, Hui-Hsun Lee, who has been promoted.

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 Taiwan	Yu-Ting Huang Tzu-Ping Huang	From 1 January 2023 to 31 December 2023	4,080	920	5,000	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.

(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, Managers and Major Shareholders:

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

Title	Name	2023		2024 up to 21 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				
Vice Chairman	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 Co., Ltd. Representative: Ching-Wen Chang	0	(3,000,000)	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
General Manager	Hui-Hsun Lee	2,000	0	0	0
Vice General Manager	Yih-Yuan Hsu	0	0	0	0
Vice General Manager	Hung-Chi Lai	0	0	0	0
Vice General Manager	Yong-Zheng Chang (Assumed office on 10 January 2023)	0	0	0	0
Vice General Manager	Tai-Chen Chen(Assumed office on 1 August 2023)	0	0	0	0
Vice General Manager	Lien-Fa Chen(Assumed office on 1 August 2023)	0	0	0	0
Senior Manager	Wei-Hung Chen	0	0	0	0
Senior Manager	Shu-Chen Teng	0	0	0	0
Senior Manager	Wen-I Chen	0	0	0	0
Manager	Jin-Hui Zhong	0	0	0	0
Senior Manager, Digital Application Division	Yueh-Tiann Tsai	0	0	0	0
Manager, Human Resource Division	Wan-Ju Liao	0	0	0	0
Finance Department Manager, and Head of Corporate Govenance	Hsiu- Chi Chan	0	0	0	0

Title	Name	2023		2024 up to 21 April	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Manager, Internal Audit Department	Chiao-Ho Chen	0	0	0	0
Senior Manager	Po-Hua Wang (Dismissed on 10 January 2023)	0	0	0	0
Special Assistant to the Chairman	Wen-Su Tsai (Dismissed on 1 August 2023)	0	0	0	0
Special Assistant to the Chairman	Tsung-Nan Hsieh (Dismissed on 1 August 2023)	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:

21 April 2024

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	Relation	
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 Co., Ltd.	13,268,176	6.00%	-	-	-	-	None	None	Representative: Yong-Zheng Chang
Chin Yeh Investment Co., Ltd.	12,286,000	5.56%	-	-	-	-	None	None	Representative: Sheng-Huei Lin No shareholding
Fubon Life Insurance Co., Ltd.	11,000,000	4.97%	-	-	-	-	None	None	Representative: Fu-Xing Lin No shareholding
Taiwan Sakura Corporation Employee Stock Ownership Trust Property Account of CTBC Bank	10,448,297	4.73%	-	-	-	-	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%	-	-	-	-	None	None	Representative: Yung-Chieh Chang
Chang Hsien Wu	2,373,928	1.07%	-	-	-	-	Jin Rong Invest-ment Co., Ltd.	Representative	-
Hsin-Tao Liao	293	0.00%	-	-	-	-	Yuan Chi Invest-ment, Ltd.	Representative	-
Yong-Zheng Chang	67,853	0.03%	7,000	0.00%	-	-	Ko Li Te Invest-ment Co., Ltd.	Representative	-
Chia-Hung Lin	98,000	0.04%	-	-	-	-	Chia Chun Invest-ment 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, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company

Unit: Shares; %

Subsidiary Investments (Investment using the equity method)	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%	-	-	17,153,171	100.00%
SVAGO INTERNATIONAL CORPORATION	11,959,750	100.00%	-	-	11,959,750	100.00%
Puda Industrial Co., Ltd.	12,800,419	43.19%	-	-	12,800,419	43.19%
SAKURA Home Collection Co., Ltd.	25,000,000	100.00%	-	-	25,000,000	100.00%
Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	4,000,000	100.00%	-	-	4,000,000	100.00%

Chaper 4 Capital Overview

I. Capital and Shares

1. Source of Capital:

Month /Year	Issued price (NT$)	Authorized Capital		Additional Paid-in Capital		Remarks		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital (NT$)	Capital Paid In by Assets other than Cash	Other
10/1988	10	42,000,000	420,000,000	42,000,000	420,000,000	The authorized capital amounts to 420,000,000		
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	None	Approved on 03/11/1990 Zheng Guan Hui Tai Cai Zheng (1) No. 03001
05/1992	10	62,000,000	620,000,000	62,000,000	620,000,000	Capital Increase by Retained Earnings of 50,000,000	None	Approved on 24/04/1992 Zheng Guan Hui Tai Cai Zheng (1) No. 00789
10/1992	10	68,200,000	682,000,000	68,200,000	682,000,000	Capital Increase by Retained Earnings of 62,000,000	None	Approved on 21/07/1992 Zheng Guan Hui Tai Cai Zheng (1) No. 01713
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	None	Approved on 31/05/1993 Zheng Guan Hui Tai Cai Zheng (1) No. 01233
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	None	Approved on 17/09/1994 Zheng Guan Hui Tai Cai Zheng (1) No. 38240
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	None	Approved on 29/09/1995 Zheng Guan Hui Tai Cai Zheng (1) No. 38240
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	None	Approved on 30/05/1996 Zheng Guan Hui Tai Cai Zheng (1) No. 34434

Month /Year	Issued price (NT$)	Authorized Capital		Additional Paid-in Capital		Remarks		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital (NT$)	Capital Paid In by Assets other than Cash	Other
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	None	Approved on 03/06/1997 Zheng Guan Hui Tai Cai Zheng (1) No. 40796
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	None	Approved on 05/08/1998 Zheng Guan Hui Tai Cai Zheng (1) No. 68009
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	None	Approved on 05/01/2000 Zheng Guan Hui Tai Cai Zheng (1) No. 111072
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	None	Approved on 27/07/2001 Zheng Guan Hui Tai Cai Zheng (1) No. 140911
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	None	Approved on 14/06/2002 Zheng Guan Hui Tai Cai Zheng(1)No.0910132348
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	None	Approved on 13/06/2003 Zheng Guan Hui Tai Cai Zheng(1)No.0920126218
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	None	Approved on 18/05/2005 Jin Guan Zheng (1) No. 0940119717
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	None	Approved on 11/07/2006 Jin Guan Zheng (1) No. 0950129666
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	None	Approved on 22/11/2007 Jin Shou Shang Zi No. 09601285180
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	None	Approved on 13/02/2008 Jin Shou Shang Zi No. 09701034740
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	None	Approved on 20/05/2008 Jin Shou Shang Zi No. 09701116960

Month /Year	Issued price (NT$)	Authorized Capital		Additional Paid-in Capital		Remarks		
		Shares	Amount (NT$)	Shares	Amount (NT$)	Sources of Capital (NT$)	Capital Paid In by Assets other than Cash	Other
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	None	Approved on 11/08/2008 Jin Shou Shang Zi No. 09701199050
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	None	Approved on 21/10/2008 Jin Shou Shang Zi No. 09701268710 The private placement has been listed since2/7/2018.
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	None	Approved on 11/05/2009 Jin Shou Shang Zi No. 09801092670
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	None	Approved on 21/08/2009 Jin Shou Shang Zi No. 09801190880
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	None	Approved on 22/09/2009 Jin Shou Shang Zi No. 09801217790
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	None	Approved on 23/08/2010 Jin Shou Shang Zi No. 09901190510
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	None	Approved on 01/08/2011 Jin Guan Zheng Fa Zi No. 1000035657
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	None	Approved on 26/07/2016 Jin Guan Zheng Fa Zi No. 1050027345

Type of stock	Authorized Capital			Remark
	Outstanding shares	Unissued shares	Total	
Common shares	221,121,188 shares	218,878,812 shares	440,000,000 shares	-

2. Information on the Shelf Registration System: N/A.

3.Shareholder Composition

21 April 2024

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	2	10	332	32,059	129	32,532
No. of shares held	17	22,858,297	93,238,797	63,171,490	41,852,587	221,121,188
Shareholding percentage	0.00%	10.34%	42.16%	28.57%	18.93%	100.00%

4.Distribution of Shareholding

21 April 2024

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
1 to 999	19,984	2,650,142	1.20%
1,000 to 5,000	10,551	20,114,087	9.10%
5,001 to 10,000	1,100	8,285,678	3.75%
10,001 to 15,000	315	3,936,694	1.78%
15,001 to 20,000	177	3,206,293	1.45%
20,001 to 30,000	118	2,955,663	1.34%
30,001 to 40,000	68	2,435,429	1.10%
40,001 to 50,000	46	2,110,801	0.95%
50,001 to 100,000	77	5,510,314	2.49%
100,001 to 200,000	29	4,116,769	1.86%
200,001 to 400,000	21	5,706,574	2.58%
400,001 to 600,000	8	4,002,570	1.81%
600,001 to 800,000	6	4,343,243	1.96%
800,001 to 1,000,000	2	1,938,184	0.88%
Above 1,000,001	30	149,808,747	67.75%
合　　　計	32,532	221,121,188	100.00%

Note: As of 21 April 2024, the Company has not issued preferred shares.

5.List of Major Shareholders

21 April 2024

Shares / Names of major shareholders	Shareholding (shares)	Shareholding (%)
Jin Rong Investment Co., Ltd.	14,202,501	6.42%
Yuan Chi Investment, Ltd.	13,311,536	6.02%
Ko Li Te Investment Co., Ltd.	13,268,176	6.00%
Chin Yeh Investment Co., Ltd.	12,286,000	5.56%
Fubon Life Insurance Co., Ltd.	11,000,000	4.97%
Taiwan Sakura Corporation Employee Stock Ownership Trust Property Account of CTBC Bank	10,448,297	4.73%
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%

6.Market Price, Net Worth, Earnings, and Dividends per Share

Item \ Fiscal year			2022	2023	Current year to 31 March 2024
Market price per share	Highest		69.1	70.5	84.9
	Lowest		57.2	61.7	69.0
	Average (Note 1)		63.43	64.99	75.11
Net worth per share	Before distribution		25.63	27.07	25.32
	After distribution		21.93	23.19	-
Earnings per Share (NT$)	Weighted average shares		218,808,256	218,808,256	218,808,256
	Earnings per share		4.66	4.90	1.63
Dividends per share (NT$)	Cash dividends		3.70	3.88	-
	Stock dividends	Dividends from retained earnings	-	-	-
		Dividends from capital reserve	-	-	-
	Accumulated undistributed dividends		-	-	-
Return on investment analysis	Price/earnings ratio (Note 2)		13.66	13.17	-
	Price/dividend ratio (Note 3)		17.20	16.63	-
	Cash dividend yield (Note 4)		5.81%	6.01%	-

Note 1: The average market price per share = the annual trading value / annual trading volume.
Note 2: Price/earnings ratio = average closing price per share for the year / earnings per share.
Note 3: Price / dividend ratio = average closing price per share for the year / cash dividends per share.
Note 4: Cash dividend yield = cash dividend per share / average closing price per share for the year

7.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 13 March 2024, the Board of Directors resolved to allocate NT$857,950,209 from the distributable earnings for 2023 and distribute cash dividends to shareholders at NT$3.88 per share. The record date for entitlement to dividends is set for 25 April 2024, and the payment date for cash dividends is scheduled for 22 May 2024. Cash dividends are calculated based on the proportion of shares held by shareholders as recorded on the shareholder register on the entitlement date, with fractions of less than one New Taiwan Dollar rounded down. Any fractional amounts less than NT$1 will be included in the company's other income. In the event of changes in the outstanding shares due to the repurchase of the company's shares or the transfer of treasury shares, causing changes in the number of shares outstanding, the Chairman is authorized to adjust the per-share dividend accordingly.
3. Significant changes in expected dividend policy: None.

8. 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.
9. Employee compensation 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 compensation and the pre-paid benefits of the directors and supervisors), it should first set aside 2% to 8% for the employee’s compensation 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 aboveentioned employee compensation 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 compensation and remuneration of directors 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 compensation and remuneration to director, 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 compensation and the remuneration of the directors for 2023 shall be based on the pre-tax benefits after deducting the employee's compensation and the remuneration to directors, setting aside 3% of the employees' compensation (NT$42,248,881) and 1.9% of the directors' remuneration (NT$26,757,624). 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 compensation by stock in 2023.

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 remuneration for directors is as follows:

Unit: NT$

Distribution on 2023	Approved by the board of directors (A)	2023 Accrued Amount (B)	Difference (A-B)	Reasons for discrepancies and handling status
Employee Compensation (Cash)	42,248,881	42,248,881	-	None
Director Remuneration (Cash)	26,757,624	26,757,624	-	

(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$

Distribution on 2022	Approved by the board of directors (A)	2022 Accrued Amount (B)	Difference (A-B)	Reasons for discrepancies and handling status
Employee Compensation (Cash)	39,591,616	39,591,616	-	None
Director Remuneration (Cash)	25,074,690	25,074,690	-	

10. Buyback of Common Stock: None.

II. Issuance of Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depositary Receipts (GDR): None.

V. Employee Share Subscription Warrants: None.

VI. New Restricted Employee Shares: None.

VII. Basic Information on Companies That Are Merged or Acquired or Whose Shares Are Acquired by the Company: None.

VIII. Financing Plans and Implementation: N/A.

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	26.8%	33.4%	28.4%	11.4%	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 recent innovation of concealed range hoods has addressed the longstanding issue of inadequate suction power in traditional concealed range hoods. This advancement provides an excellent solution for open-plan kitchens, where controlling oil fumes and odors is crucial. Whether in the market for upgrading existing units or in new construction projects focusing on compact living spaces, integrated kitchen, dining, and living areas, this solution effectively resolves both the aesthetic and ventilation concerns associated with cooking.

   The intelligent double-fire gas stove has established a high-efficiency combustion systemand 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 soupcooking 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 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.

In recent years, Sakura has been actively promoting water purification projects. Following the success of the “Filter Now, Drink Fresh RO” system, which generated significant buzz in the market, this year, Sakura has continued its momentum by introducing an innovative hot water purification product. This product combines filtration and heating functions into one, allowing for a compact design that can be installed under the sink. Not only does it meet the demand for filtered water, but it also addresses the need for hot water in the kitchen. Since its launch, it has been in high demand, leading to supply shortages in the market.

In response to government initiatives promoting energy conservation, Sakura has aligned its new product development with energy-saving policies. Following the implementation of various government energy-saving schemes, Sakura's new products prioritize energy efficiency as a key feature.

New products currently planned to be developed are as follows:

(1) Next-generation Evolution of Concealed Range Hood Series
(2) Level One Energy-Efficient Smart Gas Stove
(3) Second Generation Skin-Rejuvenating Shower Water Heater
(4) Second Generation Hot Beverage Dispenser

(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:

With the economic development in Taiwan and the gradual change in family structures, the kitchen is no longer isolated but has evolved into the new core connecting the entire household space. It has shifted from merely fulfilling basic single functions to becoming a multifunctional living center. This transformation in the industry also influences the considerations of consumers and developers when selecting equipment for both renovations and new construction projects.

Looking at the household kitchenware market in Taiwan, it's mostly characterized by decentralized retail factories or stores, or combinations designed by designers. In contrast, Sakura offers more than 30 years of experience in kitchen planning, making it the largest brand in the domestic kitchenware industry. It stands out as the only brand capable of providing comprehensive solutions from planning and design to complete supply and after-sales service, catering to all needs from pre-sale to post-sale. Unlike other manufacturers in the industry, Sakura can independently design and produce cabinets and kitchen appliances. Moreover, with a wide selection of multi-brand imported kitchen equipment available through agents, Sakura is the only brand in Taiwan that truly provides 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 kitchens 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 NT$2 billion to build Taiwan's first intelligent kitchen and bathroom factory, be expected to integrate production and supply chains by the end of 2024 to create a highly autonomous, flexible, and customized intelligent production environment with small-batch and diversified characteristics.

(3)Imported appliances and kitchen appliances:

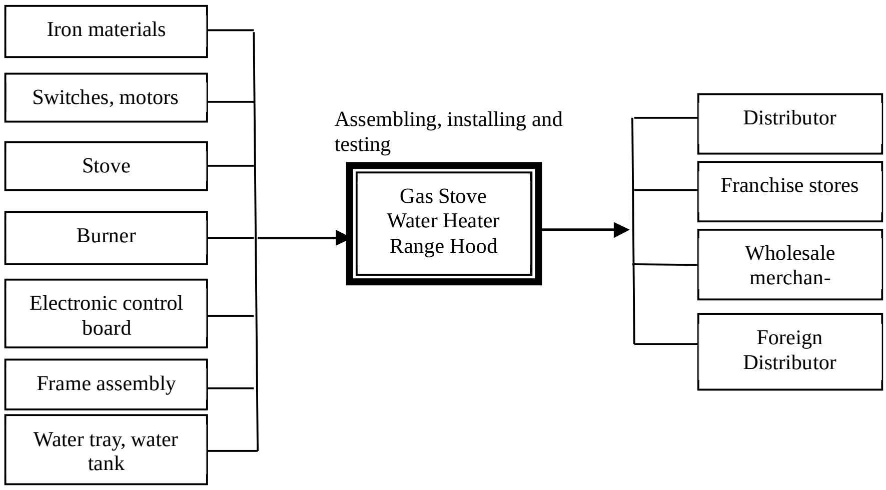
The imported home appliance market is closely related to the kitchenware industry, especially with products like dishwashers, induction cooktops, and ovens being the main complementary products. These three categories have seen significant growth in recent years. The dishwasher market has grown fivefold in the past five years, particularly expanding rapidly in recent years, with an 80% increase in volume compared to the same period in 2023. Induction cooktops, responding to safety requirements and the habits of the new generation, have also seen annual growth rates in the double digits, driven by the increasing adoption in construction projects. Similarly, ovens, microwave ovens, steam ovens, and other related products have maintained a stable annual growth rate of around 10% for replacement purchases. The significant growth in these imported kitchen appliances reflects the increasing acceptance of imported kitchen appliances and Western cooking methods among Taiwanese consumers. Particularly noteworthy is the market turning point represented by dishwashers and induction cooktops in recent years. The generation born in the 60s and 70s has become the main force in choosing kitchen appliances when buying or changing houses. The trend of dual-income families and smaller households has also driven changes in cooking habits, emphasizing safety, enjoying home life, and changing attitudes towards reducing household chores such as dishwashing, all contributing to the flourishing development of these products.

Taiwan Sakura has observed the steady growth of the import market, and thus, it has adopted a strategy of operating brands at different price points to cater to various consumer groups. In 2023, it introduced the German brand TEKA as a high-end brand to meet the needs of consumers who aspire to European lifestyles. Additionally, it introduced the brand svago, which also has European heritage and offers more affordable pricing, to meet the demands of the imported mid-range market. These brands, sold exclusively or distributed by Taiwan Sakura, benefit from its comprehensive service system, allowing consumers to enjoy European lifestyles while receiving reliable after-sales service support. This strong collaboration strategy ensures steady sales growth.

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

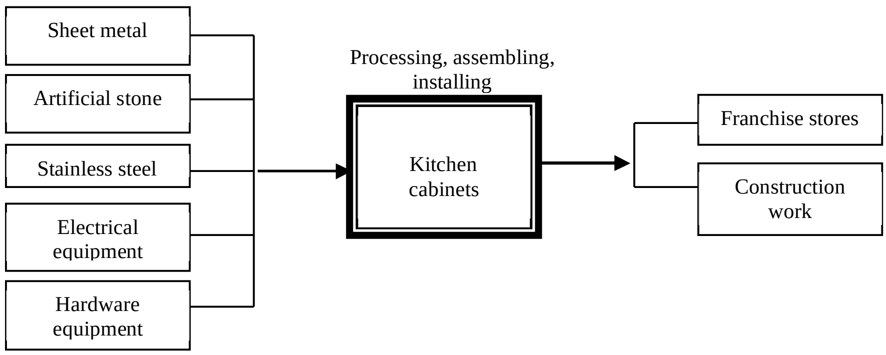
(1)Water heaters and kitchen appliances:

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:



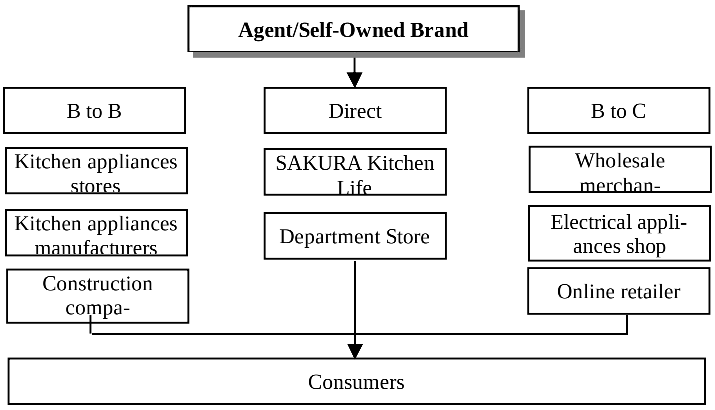
(2)Kitchen cabinets:

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. (BtoBtoC), we also directly operate department stores and sell directly to consumers (BtoC). The correlation diagrams of the upstream, mid-stream, and downstream is shown as follows:

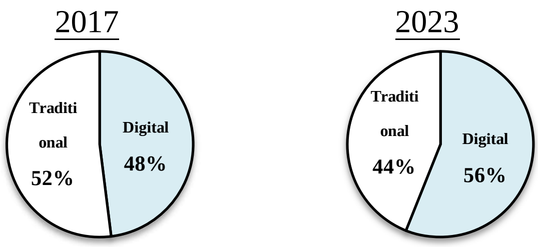


3. Various development trends of products

(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 has 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.

【Market Share Comparison between Traditional and Digital Water Heaters】



Data source: IPSOS market survey

Sakura specializes in innovative smart products to meet consumer demands. In addition to addressing the issue of low water pressure in older homes with the Turbo Boost Smart Constant Temperature Water Heater, which has been well-received by consumers, we have also introduced the exclusive "Four Seasons Warmth" new smart constant temperature series. This series pioneers intelligent temperature control technology that automatically adjusts the water temperature according to the seasonal climate changes. The integration of smart technology significantly enhances the comfort of consumer bathing experiences and sets us apart from competitors.

(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:

Building upon the upgrade to the new fourth-generation store format and the continuous optimization of the consumer experience process in 2022, in 2024, we are launching the second phase of our brand enhancement plan. This phase introduces a new brand concept called “SAKURA KITCHEN” to refine and communicate our brand values. We aim to enhance intelligence at every stage of the process, from the evolution and update of our professional 3D intelligent drawing design system to the production end, ensuring that it is “designable, sellable, and producible.” This integration significantly reduces consumer waiting times and consolidates digital services for after-sales support. Furthermore, we are committed to providing consumers with a unique and unparalleled consumer experience.

(4)Imported kitchen appliances:

Smart home appliances have become a global trend in recent years, driven by rapid advancements in technology and the internet. These advancements have led to closer connections and interactions between products and consumers. Another trend closely related to health and epidemic prevention includes features such as sterilization, antibacterial properties, air circulation, and smart cooking menus for healthier meals. As society becomes more advanced, these are increasingly important concerns for consumers. The brands exclusively sold by Taiwan Sakura are at the forefront of technological innovation, continuously integrating world-class advanced technology applications to meet user needs, thereby gaining favor among consumers.

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 (EasternEurope), 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	2023	Jan.-Mar. 2024
R&D expenses (in NG$ thousands)	83,206	22,903
Proportion of revenue	1.01%	0.95%

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) High-efficiency gas stove combustion system
   (4) Analysis of gas mix system design
   (5) Large-capacity water heater 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) Zone quick drying electric control system
   (14) Multi-product universal smart maintenance detection system
   (15) Multi-function high-frequency wireless remote controller
   (16) Multi-function water purifier faucet controller
   (17) DC brushless motor control technology
   (18) IH stove control system

(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) wIncreasing 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

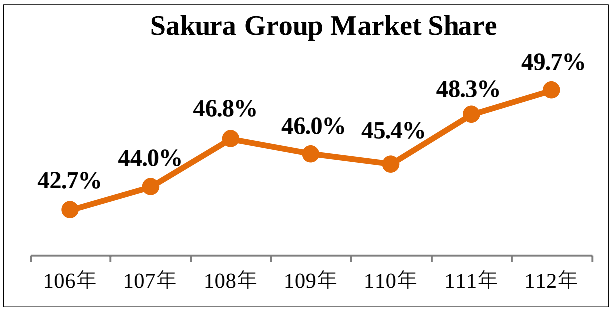
(I) Market analysis:

1. Sales area of major products

Major product	Major market	Major area
Water heaters	Domestic sales 95.3%; exports 4.7%	Taiwan, Asia, North America
Kitchen Appliances	Domestic sales 93.5%; exports 6.5%	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.

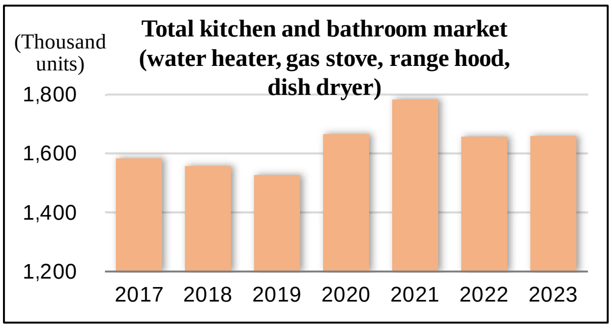


Data source: IPSOS market survey

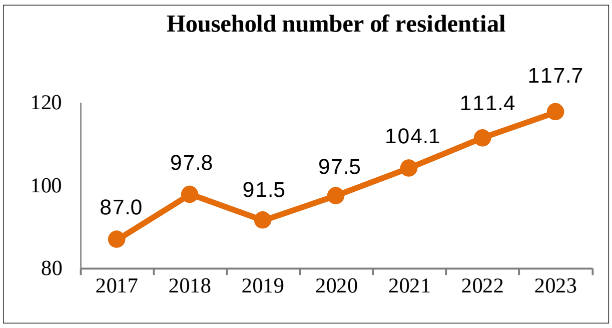
3. The supply and demand situation and future growth of the market

(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**

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) The only publicly listed kitchen industry brand in the country, with the highest nationwide brand recognition in the kitchen sector.

(b) Possessing the nation's largest kitchenware chain store network, "Sakura Kitchen Life," which has been fully upgraded to the fourth-generation store format. Coupled with impeccable service quality, it delivers an enhanced consumer experience.

(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) Integrating kitchen design planning into a more diversified and intelligent range of household appliances.

(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, Kitchen cabinets products, "Sakura Home" and complex network of kitchenware sales channel. We are the imported brands' first choice as domestic collaboration partners.

(d) Exclusive sales of TEKA kitchen built-in products, the world's premier home and commercial appliance company.

B. Disadvantages:

(a) The post-pandemic era has brought about uncertainties such as the Ukraine-Russia conflict, the Red Sea crisis, which have led to global transportation disruptions and increased costs of raw materials from factories. Additionally, the inflationary pressures in Turkey have impacted the supply chain, while rising interest rates in various countries have tightened consumer spending.

(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 has transitioned into the post-pandemic era, experiencing rapid changes in consumer behavior over the past five years. Initially benefiting from the "stay-at-home" lifestyle, it has now shifted towards a surge in retaliatory travel over the last two years. This trend is expected to squeeze domestic consumption markets. Amidst stabilizing market demand fluctuations, continuous research into user needs and the introduction of innovative products that meet market expectations are essential to foster positive word-of-mouth and drive overall market growth.

(b) Employing a dual-brand strategy, with TEKA positioned for the mid-to-high-end market and svago targeting entry-level segments, leveraging strong product offerings to benchmark against leading brands. This dual-brand approach acts as a pincer movement, warding off other competitors.

(c) Actively developing svago products and brand to create market reputation and recognition.

(d) Deepening experiential marketing by allowing consumers to personally experience the superiority of the products. Sakura has established three “Experience Centers” across Taiwan, continuously promoting cooking classes and experiential tutorials.

(e) Actively utilizing internal group channels to jointly expand sales, comprehensively engaging with the market.

(f) Actively managing high-end department store channels, enhancing brand image and visibility through exquisite counter displays, thereby driving overall sales volume.

(g) To balance the fluctuating demands of the real estate market, continue to cultivate retail storefront channels.

(h) Managing designer channels, enhancing brand recognition through expert recommendations.

(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

Water tank airtight → Water tank and exhaust pipe assembly → Water tank and base assembly → Uniktex and battery case as-sembly → Switch and burner assembly →

Switch assembly → Uniktex and wire assembly Lighter high voltage cable → Lighter high voltage cable assembly → Fire test → Accessory pack- → Top cover label →

Carton bonding → Package

Range hood production flow chart

【Press section】

Steel plate → Shearing machine → Press → Stamping → Punching → Trimming → Angle →

Forming → Self-inspection - appearance, size and angle → Place in Inventory

【Sheet Metal Section】

Spot welding assembly → Roof → Exhaust room → Left and right-side panels → Rear panels → Self-inspection - welding, blank distance and strength →

Place in Inven-tory

【Sheet metal section】

Powder coating → Degreasing → Degreasing → Water washing → Water washing → Film → Water washing →

Water washing → Water cutting oven drying → Powder coating → Drying → Self-inspection - adhesion, hardness and film thickness → Place in Inventory

【Assembly section】

Assembly → Front plate assembly → Switch assembly → Motor fan assembly → Performance check → Middle frame plate assembly →

Oil filter assembly → Final check → Self-inspection - package → Place in Inventory → QA inspection - shipment

Gas stove production flow chart

Panel inspection and tare → Frame decoration board Contro-ler → Controller frame with CS buckle → Face patching plate, strong riveting plate and support →

Rear plate and panel lock → Right side panel and panel lock → Right side panel and panel lock → Rear plate lock → Triangle support plate lock →

Unlocking and closing piping group and panel → Assemble knob seat → Locking tube fixing piece and foot → The burner is locked with a thermocouple → Fix bumer →

Thermocouple grounding wire lock → Fire test → Product cover with PE bag → Boards into carton → Finished product package → Bale packaging →

Labeling → Fixed spot inspection

Dish dryer production operation flow chart

Peeling and left and right side plastic plate assembly → L-type plate assembly → Base assembly → Appearance and switch panel assembly → Wire insertion and tidying → Door plate assembly →

Base plate assembly → Performance test → Package → Place in inventory

System kitchenware production flow chart

Bucket board → Cutting → Edge bandin → Drilling → Bucket assembly → Hardware accessor assembly → Door plate and bucket assembly →

Cleaning → Package

3. Supply Situation for the Company's Main Raw Materials

Main Products	Main Raw Materials	Primary Sources	Supply Situation
Water heater	Water tank, exhaust duct, switch, burner, etc.	Domestic and China region.	Good
Kitchen appliance	Steel plate, motor, fan blade, chassis, etc.		
Kitchen cabinets	Gas appliances, sheet metal, aluminum, artificial stone, etc.	Domestic and European region.	

4. A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years:
   (1) Main procurement suppliers: None.
   (2) Main sales clients:

Unit: NT$ Thousand

	2022				2023				Current year up to 31 March 2024			
Item	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name	Amount	Percentage of year-to-date net sales up to the end of the previous quarter (%)	Relationship with the issuer
1	CompanyC	1,507,715	18.4	None	CompanyC	1,427,564	17.3	None	CompanyC	439,069	18.2	None
2	CompanyS	751,329	9.1	None	CompanyS	768,013	9.3	None	CompanyS	226,959	9.3	None
	Other	5,953,818	72.5		Other	6,076,838	73.4		Other	1,749,728	72.5	
	Net Sales	8,212,862	100.0		Net Sales	8,272,415	100.0		Net Sales	2,415,756	100.0	

Reason for increase/decrease: No significant changes observed between the two periods.

5. Production Volume and Value in the Most Recent 2 Fiscal Years:

Unit: Units (sets) /in NT$ Thousand

Year / Output / Major Products	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Water heater	347,613	321,580	1,368,798	337,748	278,293	1,143,923
Kitchen appliance	507,336	504,673	1,823,281	510,706	481,292	1,683,454
Kitchen cabinets	33,658	33,283	1,930,372	36,642	35,610	2,161,160
Total	888,607	859,536	5,122,451	885,096	795,195	4,988,537

6. Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: Units (sets) /in NT$ Thousand

Year / Output / Major Products	2022				2023			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Water heater	311,531	2,167,698	26,902	229,344	301,496	2,114,671	12,015	104,478
Kitchen appliance (Note 1)	569,405	2,569,468	59,151	292,639	589,304	2,582,513	36,148	180,955
Kitchen cabinets (Note 2)	49,986	2,083,298	-	-	51,891	2,350,509	-	-
Others (Note 3)	389,338	854,746	4	15,669	285,512	922,487	60	16,802
Total	1,320,260	7,675,210	86,057	537,652	1,228,203	7,970,180	48,223	302,235

Note 1: The main kitchen appliance includes range hood, gas stove, dish dryer, and water purifier.
Note 2: The total number of Kitchen cabinets units includes complete sets of 35,610 units and incomplete sets of 16,281 units.
Note 3: Other items mainly consist of purchased electrical appliances and water purifier filters.

III. Employee Statistics for the Most Recent 2 Fiscal Years up to the Annual Report Publication Date:

Fiscal Year		As of 31 December 2022	As of 31 December 2023	Current year up to 31 March 2024
Number of employees	Direct Manufacturing Employees	410	405	403
	Indirect Manufacturing Employees	137	138	143
	Sales Employees	376	376	386
	Administrative Employees	102	103	103
	R & D Employees	55	52	54
	Total	1,080	1,074	1,089
Average age		38.61	39.09	39.32
Average years of service		7.60	8.05	8.22
Education distribution percentage (%)	Ph.D.	0.2%	0.2%	0.2%
	Master's degree	6.3%	6.6%	6.7%
	College	48.3%	48.3%	48.6%
	Senior high school	23.0%	22.7%	22.8%
	Below senior high school	22.2%	22.2%	21.7%

IV. Disbursements for Environmental Protection:

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 inspection, 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 a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

V. Labor relations:

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and 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 described 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) Stablish 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 2023 was NT$2,423 thousands. The related education and training courses are summarized as follows:

Internal and external training courses	Total number of people	Total hours
Management course	612	3,645
Manufacturing course	180	1,330
Marketing course	106	790
Human resources course	140	495
R&D technology course	230	1,050
Financial accounting course	47	170
Computer information course	268	1,563
Labor safety and health course	2,980	8,660
Self-Development Course	49	334
Indirect employees newcomer education training course	124	992
Total	4,736	19,029

(3) Employee education and training methods:

To cultivate talents at all levels and unleash the potential of employees to achieve organizational goals, our company has established comprehensive and detailed employee development and training policies. We systematically implement various training courses to ensure that all employees possess the necessary skills to perform their jobs effectively. To ensure the effectiveness of training, our training system is standardized as follows: new employee orientation, specialized/level-specific training, project-specific training, on-the-job training (OJT), and off-site training. In response to the changing consumer patterns in the post-pandemic era, we continue to strengthen digital transformation, innovation, and the use of digital tools, as well as courses related to social media marketing. This is aimed at enhancing the competitiveness of our employees.

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 2023, the above-mentioned labor pension reserve fund account balance was NT$142,730 thousands. The provision can meet the current retirement needs of relevant employees.

All employee available for The Labor Retirement Reserve 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 Company has legally established both a Workers' Welfare Committee and a Safety and Health Committee. These audit units regularly review the allocation and utilization of workers' welfare funds, the allocation and disbursement of retirement funds, and the establishment of safety and health behaviors and habits. The Company also enhances the dissemination of company policies, systems, and various welfare measures through internal education and training programs, company monthly meetings, communication platforms like “Sakura People Line,” internal publications such as “Sakura E-Quarterly” and “Sakura Express,” as well as through regular and ad-hoc communication meetings.

(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 performs regular maintenance on fire protection equipment, alarm equipment, and evacuation and escape equipment to ensure normal use, and declares maintenance in accordance with the law. The factory is also equipped with a flammable gas leakage detection and alarm system, and special workplaces are regularly sampled and monitored. First aid kits, AEDs and nursing staff are also installed to ensure the safety of employees' working environment.

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 relevadnt fire drills every six months to enhance the necessary concept of disaster prevention for employees such as follows:

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: 2023.08.15~2026.07.16). 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 Occupational Safety and Health Management System Certification (expiration date: 2023.03.27~2024.12.24) 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:

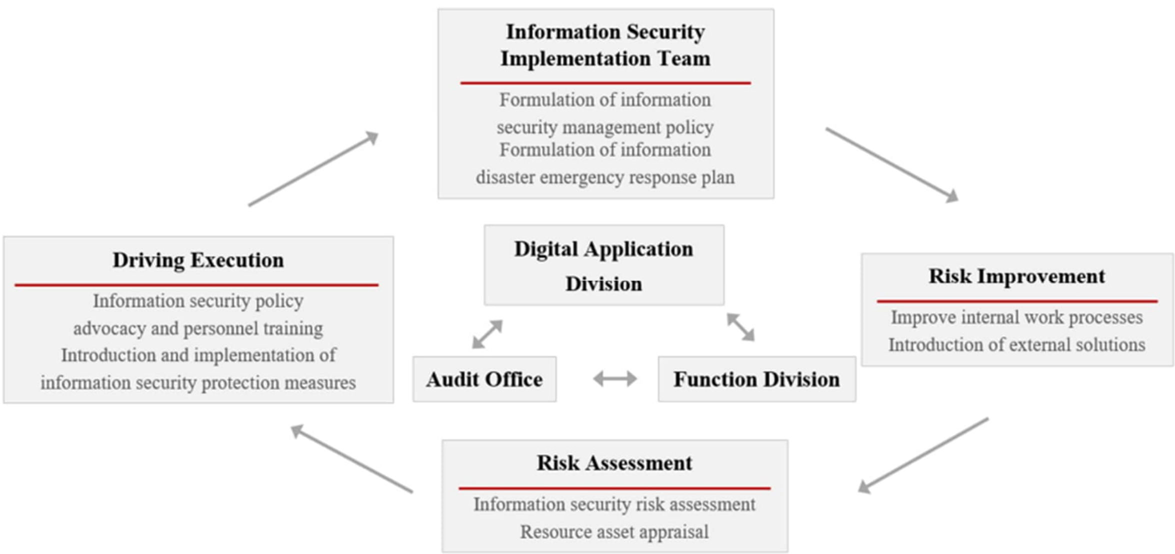
Through the Company's intranet site, the benefits and systems established over the years are clearly communicated to each employee. All employees are expected to comply with governmental laws and regulations, as well as the Company's established rules and procedures. Integrity and honesty are the core 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 infor- mation, 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.

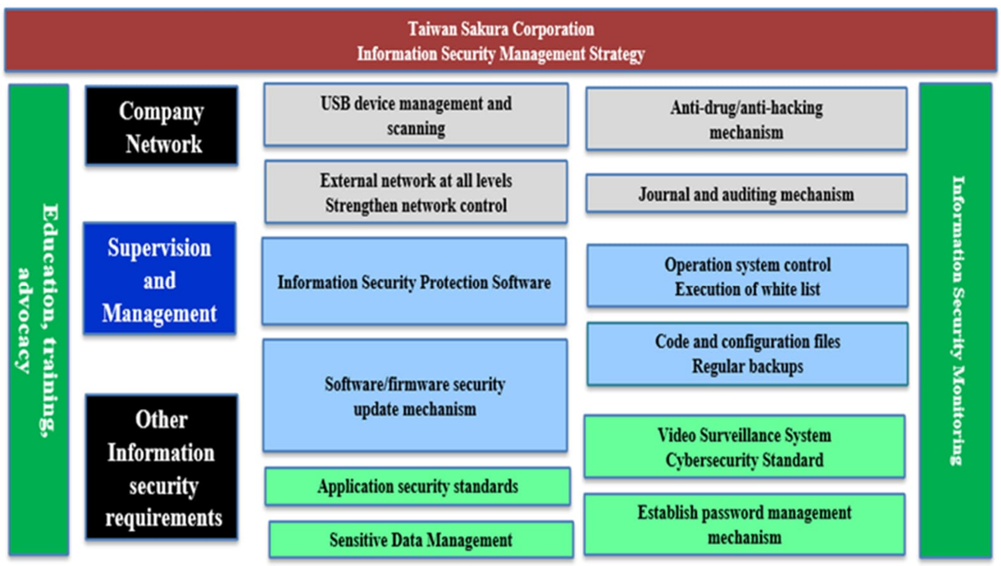
VI. Cyber security management

(I) 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.



(II) Specific Management Plan



(III) Specific Management Plan

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.

(IV) Allocation of Resources for Information and Communication Security Management

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 2023 are as follows:

Date	Course Name	Hrs	No. of attendees
2023.04.07	New Employee Training: Company Information Usage and Cybersecurity Awareness	1	24
2023.07.20	New Employee Training: Company Information Usage and Cybersecurity Awareness	1	11
2023.12.20	New Employee Training: Company Information Usage and Cybersecurity Awareness	1	25
2023.11.01	Cybersecurity Awareness Training for New Employees	1	390
2023.05.02	Personal Data Protection Awareness Training 2023	1	390

2. The relevant information security policy and its implementation are described in the board meeting on 8 November 2023.

(V) Significant cyber security incident

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

VII. Important Contracts

Agreement	Counterparty	Period	Main 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.	2023.03~2024.09	New Construction Project for the Wufeng Factory	None

Chapter 6 Financial Information

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 Fiscal Years, Showing the Name of the CPA and the Auditor's Opinion Given Thereby:

(I) Condensed Balance Sheet and Statement of Comprehensive Income

Taiwan Sakura Corporation and Subsidiaries

Condensed Consolidated Balance Sheet

Unit: in NT$ thousands

Item \ Fiscal Year		Financial Information for The Past 5 Years					Current yeat up to 31 March 2024 (Reviewed by the CPA)
		2019	2020	2021	2022	2023	
Current assets		3,464,751	3,926,148	4,447,682	4,788,593	5,363,914	5,474,150
Property, plant and equipment		1,361,477	1,574,123	1,936,962	1,965,498	2,143,032	2,182,453
Intangible assets		92,092	108,499	165,402	154,315	151,387	155,503
Other assets		1,929,117	1,894,592	1,729,500	1,782,441	1,876,012	2,009,108
Total assets		6,847,437	7,503,362	8,279,546	8,690,847	9,534,345	9,821,214
Current liabilities	Before distribution	2,003,232	2,283,840	2,632,275	2,643,209	3,066,050	3,743,275
	After distribution	2,589,203	2,991,428	3,428,311	3,461,357	3,924,000 (Note)	3,743,275
Non-current liabilities		155,649	180,646	205,118	325,157	430,457	429,638
Total liabilities	Before distribution	2,158,881	2,464,486	2,837,393	2,968,366	3,496,507	4,172,913
	After distribution	2,744,852	3,172,074	3,633,429	3,786,514	4,354,457 (Note)	4,172,913
Equity attributable to the parent company		4,688,556	5,038,876	5,380,114	5,667,218	5,985,672	5,598,296
Common stock		2,211,212	2,211,212	2,211,212	2,211,212	2,211,212	2,211,212
Additional paid-in capital		97,484	104,265	112,370	121,350	131,074	132,305
Retained earnings	Before distribution	2,481,387	2,794,767	3,094,812	3,384,414	3,641,191	3,138,813
	After distribution	1,895,416	2,087,179	2,298,776	2,566,266	2,783,241 (Note)	3,138,813
Other components of equity		(80,279)	(50,120)	(17,032)	(28,510)	23,443	137,214
Treasury stock		(21,248)	(21,248)	(21,248)	(21,248)	(21,248)	(21,248)
Non-controlling interest		-	-	62,039	55,263	52,166	50,005
Total equity	Before distribution	4,688,556	5,038,876	5,442,153	5,722,481	6,037,838	5,648,301
	After distribution	4,102,585	4,331,288	4,646,117	4,904,333	5,178,888 (Note)	5,648,301

Note: The amount resolved by the board of directors on 13 March 2024.

Taiwan Sakura Corporation and Subsidiaries

Condensed Consolidated Statement of Comprehensive Income

Unit: in NT$ thousands

Item \ Fiscal Year	Financial Information for The Past 5 Years					Current yeat up to 31 March 2024 (Reviewed by the CPA)
	2019	2020	2021	2022	2023	
Operating revenue	6,298,976	6,628,124	7,569,362	8,212,862	8,272,415	2,415,756
Gross profit	2,244,180	2,441,967	2,688,819	2,737,366	2,883,547	874,131
Operating income	957,523	1,065,095	1,160,206	1,111,612	1,230,103	401,147
Non-operating income and expenses	102,362	59,520	90,386	162,221	135,233	45,605
Income before tax	1,059,885	1,124,615	1,250,592	1,273,833	1,365,336	446,752
Income from continuing operations, net of tax	888,718	892,567	1,007,943	1,009,453	1,069,107	353,411
Loss from discontinuing operations	-	-	-	-	-	-
Net income	888,718	892,567	1,007,943	1,009,453	1,069,107	353,411
Total other comprehensive income (loss), net of tax	7,294	36,943	30,206	57,931	54,674	113,771
Total comprehensive income	896,012	929,510	1,038,149	1,067,384	1,123,781	467,182
Net income attributable to shareholders of the parent	888,718	892,567	1,010,345	1,018,940	1,072,204	355,572
Net income attributable to non-controlling interest	-	-	(2,402)	(9,487)	(3,097)	(2,161)
Comprehensive income attributable to shareholders of the parent	896,012	929,510	1,040,721	1,074,160	1,126,878	469,343
Comprehensive income attributable to non-controlling interest	-	-	(2,572)	(6,776)	(3,097)	(2,161)
Earnings per share (NT$)	4.06	4.08	4.62	4.66	4.90	1.63

Taiwan Sakura Corporation

Condensed Parent Company Only Balance Sheet

Unit: in NT$ thousands

Item \ Fiscal Year		Financial Information for The Past 5 Years 2019	2020	2021	2022	2023	Current yeat up to 31 March 2024 (Reviewed by the CPA)
Current assets		2,926,663	3,348,233	3,558,108	3,732,655	4,304,025	N/A
Property, plant and equipment		1,123,135	1,335,920	1,715,174	1,753,311	1,930,220	
Intangible assets		12,558	27,350	21,370	16,778	18,220	
Other assets		2,624,710	2,584,295	2,623,347	2,847,561	2,915,070	
Total assets		6,687,066	7,295,798	7,917,999	8,350,305	9,167,535	
Current liabilities	Before distribution	1,889,536	2,128,025	2,385,898	2,398,401	2,785,183	
	After distribution	2,475,507	2,835,613	3,181,934	3,216,549	3,643,133 (Note)	
Non-current liabilities		108,974	128,897	151,987	284,686	396,680	
Total liabilities	Before distribution	1,998,510	2,256,922	2,537,885	2,683,087	3,181,863	
	After distribution	2,584,481	2,964,510	3,333,921	3,501,235	4,039,813 (Note)	
Equity attributable to the parent company		4,688,556	5,038,876	5,380,114	5,667,218	5,985,672	
Common stock		2,211,212	2,211,212	2,211,212	2,211,212	2,211,212	
Additional paid-in capital		97,484	104,265	112,370	121,350	131,074	
Retained earnings	Before distribution	2,481,387	2,794,767	3,094,812	3,384,414	3,641,191	
	After distribution	1,895,416	2,087,179	2,298,776	2,566,266	2,783,241 (Note)	
Other components of equity		(80,279)	(50,120)	(17,032)	(28,510)	23,443	
Treasury stock		(21,248)	(21,248)	(21,248)	(21,248)	(21,248)	
Non-controlling interest		-	-	-	-	-	
Total equity	Before distribution	4,688,556	5,038,876	5,380,114	5,667,218	5,985,672	
	After distribution	4,102,585	4,331,288	4,584,078	4,849,070	5,127,722 (Note)	

Note: The amount resolved by the board of directors on 13 March 2024.

Taiwan Sakura Corporation

Condensed Parent Company Only Statement of Comprehensive Income

Unit: in NT$ thousands

Fiscal Year / Item	Financial Information for The Past 5 Years					Current yeat up to 31 March 2024 (Reviewed by the CPA)
	2019	2020	2021	2022	2023	
Operating revenue	5,958,304	6,245,503	7,013,146	7,571,601	7,590,743	N/A
Gross profit	2,012,040	2,182,573	2,359,020	2,379,287	2,508,828	
Operating income	905,950	1,037,150	1,097,333	1,066,056	1,179,834	
Non-operating income and expenses	136,346	64,791	128,532	188,998	159,456	
Income before tax	1,042,296	1,101,941	1,225,865	1,255,054	1,339,290	
Income from continuing operations, net of tax	888,718	892,567	1,010,345	1,018,940	1,072,204	
Loss from discontinuing operations	-	-	-	-	-	
Net income	888,718	892,567	1,010,345	1,018,940	1,072,204	
Total other comprehensive income (loss), net of tax	7,294	36,943	30,376	55,220	54,674	
Total comprehensive income	896,012	929,510	1,040,721	1,074,160	1,126,878	
Net income attributable to shareholders of the parent	888,718	892,567	1,010,345	1,018,940	1,072,204	
Net income attributable to non-cntrolling interest	-	-	-	-	-	
Comprehensive income attributable to shareholders of the parent	896,012	929,510	1,040,721	1,074,160	1,126,878	
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	
Earnings per share (NT$)	4.06	4.08	4.62	4.66	4.90	

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

Year	CPA Firm	CPA's Name	Audit Opinion
2019	Ernst & Young, Taiwan	Chin-Yuan Tu, Yu-Ting Huang	Unqualified opinion (Unqualified opinion, and Other Matter Paragraphs)
2020	Ernst & Young, Taiwan	Chin-Yuan Tu, Yu-Ting Huang	Unqualified opinion (Unqualified opinion, and Other Matter Paragraphs)
2021	Ernst & Young, Taiwan	Yu-Ting Huang, Tzu-Ping Huang	Unqualified opinion (Unqualified opinion, and Other Matter Paragraphs)
2022	Ernst & Young, Taiwan	Yu-Ting Huang, Tzu-Ping Huang	Unqualified opinion (Unqualified opinion, and Other Matter Paragraphs)
2023	Ernst & Young, Taiwan	Yu-Ting Huang, Tzu-Ping Huang	Unqualified opinion (Unqualified opinion, and Other Matter Paragraphs)

II. Financial Analyses for the Past 5 Fiscal Years

(I) Financial Analysis

Taiwan Sakura Corporation and Subsidiaries

Consolidated Financial Statements Analysis

Item	Fiscal Year	Financial Analysis for The Past 5 Years 2019	2020	2021	2022	2023	Current year up to 31 March 2024
Financial structure (%)	Debt to assets ratio	31.21	32.84	34.26	34.15	36.37	42.48
	Ratio of long-term capital to property, plant and equipment	355.80	331.58	291.55	307.68	301.82	278.49
Solvency (%)	Current ratio	172.95	171.90	168.96	181.16	174.94	146.23
	Quick ratio	144.29	141.23	131.54	135.78	131.36	111.52
	Interest cover ratio	1,641.69	773.40	468.16	261.28	208.31	246.60
Operating performance	Accounts receivable turnover (times)	5.57	5.79	6.20	6.66	6.87	8.04
	Average collection days	65.52	63.03	58.87	54.80	53.12	45.39
	Inventory turnover (times)	7.68	6.95	6.02	5.17	4.37	4.84
	Accounts payable turnover (times)	3.58	3.43	3.59	3.83	3.61	4.00
	Average days in sales	47.52	52.51	60.63	70.59	83.52	75.41
	Property, plant and equipment turnover (times)	4.62	4.21	3.90	4.17	3.86	4.40
	Total asset turnover (times)	0.95	0.92	0.95	0.96	0.90	0.96
Profitability	Return on total assets (%)	13.46	12.45	12.83	12.05	11.82	14.72
	Return on equity (%)	19.61	18.35	19.27	18.25	18.23	24.32
	Ratio of income before tax to paid-in capital (%)	47.93	50.85	56.55	57.6	61.74	80.80
	Net profit margin (%)	14.10	13.46	13.34	12.40	12.96	14.71
	Earnings per share (NT$)	4.06	4.08	4.62	4.66	4.90	1.63
Cash flow	Cash flow ratio (%)	60.29	58.67	34.71	34.71	41.74	36.96
	Cash flow adequacy ratio (%)	131.80	137.44	109.99	108.57	109.02	103.57
	Cash reinvestment ratio (%)	12.82	14.33	3.69	2.08	7.57	6.01
Leverage	Operating leverage	2.51	2.44	2.46	2.63	2.51	2.52
	Financial leverage	1.00	1.00	1.00	1.00	1.01	1.00

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Decrease in Interest Cover Ratio: Primarily due to an increase of NT$1,692 thousands in interest expenses in 2023.
2. Increase in Cash Flow Ratio: Mainly attributable to the increase in cash inflows from operating activities in 2023.
3. Increase in Cash Reinvestment Ratio: Primarily resulting from the increase in operating cash flows and working capital in 2023.

Taiwan Sakura Corporation

Parent Company Only Financial Statements Analysis

Item	Fiacal Year	Financial Analysis for The Past 5 Years					Curreny year up to 31 March 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	29.88	30.93	32.05	32.13	34.70	N/A
	Ratio of long-term capital to property, plant and equipment	427.15	386.83	322.53	339.46	330.65	
Solvency (%)	Current ratio	154.88	157.33	149.13	155.63	154.53	
	Quick ratio	127.24	127.15	112.16	111.07	110.29	
	Interest cover ratio	1,842.51	1,678.23	1,601.35	632.63	411.20	
Operating performance	Accounts receivable turnover (times)	5.42	5.60	6.01	6.49	6.58	
	Average collection days	67.34	65.17	60.73	56.24	55.47	
	Inventory turnover (times)	8.11	7.31	6.29	5.45	4.52	
	Accounts payable turnover (times)	3.61	3.45	3.60	3.84	3.57	
	Average days in sales	45.00	49.93	58.02	66.97	80.75	
	Property, plant and equipment turnover (times)	5.30	4.67	4.08	4.31	3.93	
	Total asset turnover (times)	0.92	0.89	0.92	0.93	0.86	
Profitability	Return on total assets (%)	13.73	12.77	13.29	12.54	12.27	
	Return on equity (%)	19.61	18.35	19.39	18.44	18.40	
	Ratio of income before tax to paid-in capital (%)	47.13	49.83	55.43	56.75	60.56	
	Net profit margin (%)	14.91	14.29	14.40	13.45	14.12	
	Earnings per share (NT$)	4.06	4.08	4.62	4.66	4.90	
Cash flow	Cash flow ratio (%)	49.10	49.07	38.87	37.90	41.14	
	Cash flow adequacy ratio (%)	122.50	122.37	98.33	91.20	91.31	
	Cash reinvestment ratio (%)	6.96	8.63	3.81	1.80	5.24	
Leverage	Operating leverage	2.40	2.26	2.31	2.41	2.31	
	Financial leverage	1.00	1.00	1.00	1.00	1.00	

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. Decrease in Interest Cover Ratio: Mainly due to an increase of NT$1,278 thousands in interest expenses in 2023.
2. Increase in Cash Reinvestment Ratio: Primarily resulting from the increase in operating cash flows and working capital in 2023.

The following formulas for the calculation of the financial ratios shall be listed below this table in the annual report:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest cover ratio = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income – interest expenses).

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

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report and Financial Statements (including Consolidated Financial Statements). The Financial Statements (including Consolidated Financial Statements) were audited by Ernst & Young, who issued the accompanying Independent Auditors' Report. The 2023 Business Report, financial statements and proposal for appropriation of earnings have been audited by us, the Audit Committee of the Company, and were deemed appropriate. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report

Sincerely

For the 2024 Shareholders' Meeting

Taiwan Sakura Corporation

Audit Committee Convener: Jyh-Ren Chen

13 March 2024

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

Please refer to Appendix I (page 147~ page 244).

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

Please refer to Appendix II (page 245~ page 339).

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

Unit: in NT$ thousands

Item \ Fiscal Year	2022	2023	Difference	
			Amount	%
Current assets	4,788,593	5,363,914	575,321	12.01
Property, plant and equipment	1,965,498	2,143,032	177,534	9.03
Intangible assets	154,315	151,387	(2,928)	(1.90)
Other assets	1,782,441	1,876,012	93,571	5.25
Total assets	8,690,847	9,534,345	843,498	9.71
Current liabilities	2,643,209	3,066,050	422,841	16.00
Non-current liabilities	325,157	430,457	105,300	32.38
Total liabilities	2,968,366	3,496,507	528,141	17.79
Common stock	2,211,212	2,211,212	-	-
Additional paid-in capital	121,350	131,074	9,724	8.01
Retained earnings	3,384,414	3,641,191	256,777	7.59
Other equity	(28,510)	23,443	51,953	182.22
Treasury stock	(21,248)	(21,248)	-	-
Total equity	5,722,481	6,037,838	315,357	5.51

Analysis of Significant Changes in the Past Two Years:

1. Increase in Non-current Liabilities: Primarily due to the increase in long-term borrowings for operational needs in current year.
2. Decrease in Other Equity: This is mainly attributed to an increase of NT$70,281 thousands in "unrealized gains on financial assets measured at fair value through other comprehensive income" during the current year, and the transfer of unrealized gains of NT$48,805 thousands accumulated when disposing of equity instruments measured at fair value through other comprehensive income in the previous year from other equity to retained earnings, which did not occur this year.

II. Analysis of Financial Performance

Unit: in NT$ thousands

Item \ Fiscal Year	2022	2023	Difference	%
Operating revenues	8,212,862	8,272,415	59,553	0.73
Operating costs	5,475,496	5,388,868	(86,628)	(1.58)
Gross profit	2,737,366	2,883,547	146,181	5.34
Operating expenses	1,625,754	1,653,444	27,690	1.70
Operating income	1,111,612	1,230,103	118,491	10.66
Non-operating income and expenses	162,221	135,233	(26,988)	(16.64)
Income from continuing operations before income tax	1,273,833	1,365,336	91,503	7.18
Income tax expense	264,380	296,229	31,849	12.05
Income from continuing operations, net of tax	1,009,453	1,069,107	59,654	5.91
Total other comprehensive income (loss), net of tax	57,931	54,674	(3,257)	(5.62)
Total comprehensive income	1,067,384	1,123,781	56,397	5.28

(I) Analysis of Significant Changes in the Past Two Years:

Decrease in Non-operating Income and Expenses: This is primarily due to the significant depreciation of the US dollar against the New Taiwan Dollar in the current year, resulting in a decrease of NT$47,456 thousands in foreign exchange gains. Additionally, there was an increase of NT$11,149 thousands in reversal of impairment losses on investment properties in the previous year, which did not occur in the current year.

(II) Expected Sales Volume and Its Potential Impact on the Company's Future Financial Operations and Response Plans:

Please refer to Chapter I - A Letter to Shareholders of the Annual Report for the Year Ended 31 December 2023, titled “Summary of Operating Plans for2023,” for information on expected sales volume and its potential impact on the company's future financial operations.

III. Analysis of Cash Flow

1. Analysis of Changes in Cash Flows for the Most Recent Fiscal Year:

Item \ Fiscal Year	2022	2023	Increase (Decrease) Ratio (%)
Cash flow ratio	34.71	41.74	20.25
Net cash flow adequacy ratio	108.57	109.02	0.41
Cash reinvestment ratio	2.08	7.57	263.94
Explanation: 1. Increase in Cash Flow Ratio: Primarily due to the increase in cash inflows from operating activities in 2023. 2. Increase in Cash Reinvestment Ratio: Mainly attributable to the increase in working capital and cash inflows from operating activities in 2023.			

2. Improvement Plan for Inadequate Liquidity: N/A.

3. Cash flow analysis for the coming year:

Unit: in 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
2,448,970	1,173,379	1,271,148	2,351,201	-	-
1. Operating Activities: It is anticipated that in the upcoming year, there will be steady growth in operating income and favorable accounts receivable recovery, resulting in cash inflows. 2. nvesting Activities: It is anticipated that in the upcoming year, cash outflows will occur due to the purchase of real estate, factories, and equipment. 3. Financing Activities: It is anticipated that in the upcoming year, cash outflows will occur due to the payment of cash dividends.					

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During The Most Recent Fiscal Year:

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 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. The Company's Reinvestment Policy for The Most Recent Fiscal Year, The Main Reasons for The Profits/Losses Generated Thereby, The Plan For Improving Re-Investment Profitability, 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: in NT$ thousands

Name of investee company	Amount of original investment	Investment loss recognized in 2023
SAKURA Home Collection Co., Ltd.	250,000	(54,296)
Mekong Trading Corporation	USD2,837,166	(3,783)

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

As part of The Company's five-year strategic plan, the focus has been placed on the family as the core for developing various products and services. The home furnishings business represents a pivotal new venture, extending from the kitchen into the broader household environment. In 2019, The Company established Sakura Home Interiors Co., Ltd., and in May 2020, the first flagship store commenced operations. Recognizing the trend of post-home purchase interior decoration among consumers, the home furnishings business will leverage the existing project channels to capture opportunities in the new purchase market. However, the real estate market typically experiences a 2-3 year lag from contract signing to delivery, resulting in current revenue deficits and losses. The Company anticipates reaching breakeven once contracted projects are progressively delivered.

In order to ensure the stability of the supply of household products in the future and to provide services that meet the changing needs of consumers, The board of directors approved the strategic investment plan on March 13, 2013, with a total investment amount of approximately NT$110 million to acquire Eiffel Co., Ltd. The company owns 51% of the shares and is expected to complete the investment in the second quarter of 2014. In the future, the two parties will cooperate in product supply and coordination, use Eiffel's production and sales to supplement the foundation, combine the respective advantages and resources of both parties, and jointly seize the 100-billion-dollar residential decoration in Taiwan. market.

Mekong Trading Corporation, The Company's brand sales and licensing agent in Vietnam, has been deeply rooted in the local market for over twenty years. In 2021, The Company officially acquired a 54.99% stake, transitioning it from a general agent to a subsidiary. Vietnam boasts a population exceeding 97 million, with an average age of approximately 32, presenting a demographic dividend and substantial domestic market potential. The Company's after-sales services also provide a competitive advantage in the Vietnamese market. However, Vietnam's export-oriented economy has been affected by global post-pandemic inflation and slowed demand, leading to revenue losses due to market contraction. With the introduction of new products and expansion of distribution channels, The Company anticipates gradually stabilizing revenue.

VI. Analysis and Assessment of Risk Factors for the Most Recent Fiscal Year and up to the Date of Printing of the Annual Report:

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

Unit: in NT$ thousands

Item	2023	
	Amount	Net operating income ratio (%)
Net interest gain (loss)	17,950	0.217%
Exchange rate gain (loss), net	3,193	0.039%

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) 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$ 96,909 thousand.

(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 (including information security risks) 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: N/A.

(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%: N/A.

(11) Effects of, risk relating to and response measures for changes in management rights: N/A.

(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: N/A.

(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.

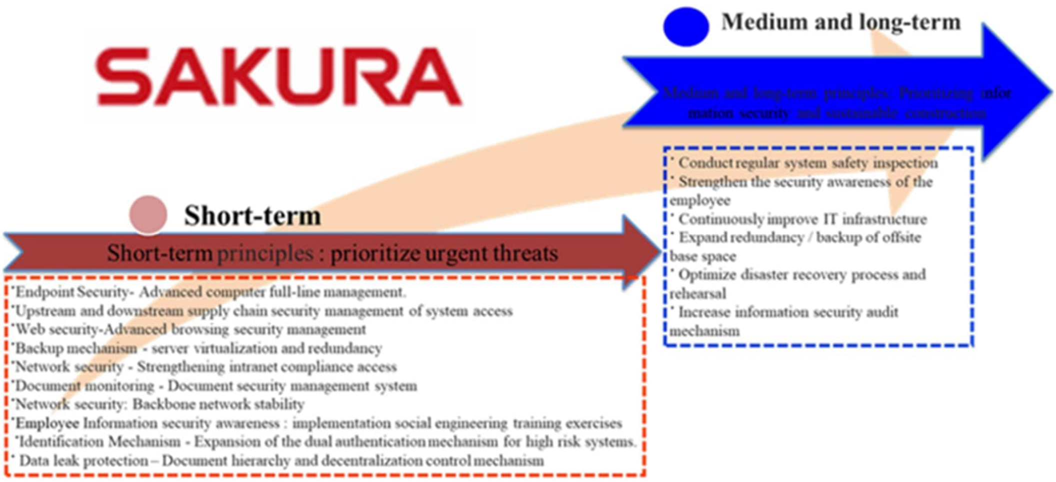
6. Information Security:

   (1) The target and scope of information security

   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 123.

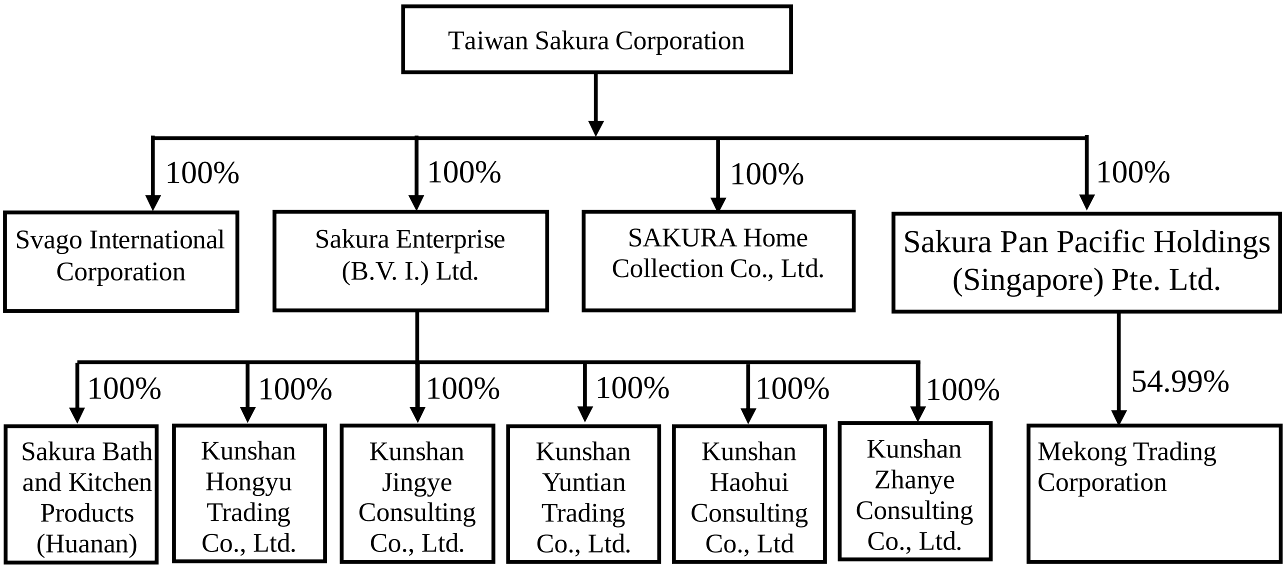
VII. Other Important Matters: None.

Chapter 8 Special Disclosure

I. Summary of Affiliated Companies

(I) Summary of Affiliated Companies

1. Organizational Chart of Affiliated Companies



2. Basic information on affiliates

Unit: NT$

Company Name	Date of Incorporation	Address	Paid-up Capital	Business Activities
Sakura Enterprise (B.V. I.) Ltd.	1994.01.21	Portcullis Chambers,4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110.	USD 17,153,171	Investment company
Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	2020.11.04	80 ROBINSON ROAD #02-00 SINGAPORE	USD 4,000,000	Holding company
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	1998.12.07	No. 2, South Ronggui Avenue, Shunde District, Foshan City, Guangdong Province	USD 14,000,000	Kitchen appliances and real estate leasing industry
Svago International Corporation	1998.12.22	No. 33, Section 4, Yatan Road, Daya District, Taichung City	NTD 119,597,500	Gas equipment, parts trading and leasing industry
SAKURA Home Collection Co., Ltd.	2019.11.15	3F., No. 436, Sec. 4, Yatan Rd., Daya Dist., Taichung City	NTD 250,000,000	Interior design and decoration
Kunshan Hongyu Trading Co., Ltd.	2007.08.28	No. 1 Qingyang South Road, Kunshan Development Zone, Jiangsu Province	USD 111,159	Household appliances, electronic products, communication equipment
Kunshan Jingye Consulting Co., Ltd.	2007.08.28	No. 1 Qingyang South Road, Kunshan Development Zone, Jiangsu Province	USD 68,977	Corporate investment, management consulting services
Kunshan Yuntian Trading Co., Ltd.	2007.08.28	No. 1 Qingyang South Road, Kunshan Development Zone, Jiangsu Province	USD 58,961	Household appliances, electronic products, communication equipment
Kunshan Haohui Consulting Co., Ltd.	2007.08.28	No. 1 Qingyang South Road, Kunshan Development Zone, Jiangsu Province	USD 56,681	Corporate image, corporate marketing, exhibition planning consultation
Kunshan Zhanye Consulting Co., Ltd	2007.09.07	No. 1 Qingyang South Road, Kunshan Development Zone, Jiangsu Province	RMB 100,000	Business information consulting service
Mekong Trading Corporation	1992.06.06	No.30 Tra Luong Street, Ward 2, Tan Bình District, Ho Chi Minh City	VND 36,880,000,000	Manufacturing and trading gas of 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 2023

Company	Title	Name or Representative	Shareholding	
			Shares	%
Sakura Enterprise (B.V. I.) Ltd.	Director Director Director	Chung-Shi Chang Yung-Chieh Chang Yuo-Tu Lin	17,153,171 shares	100%
Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	Director Director Director	Chung-Shi Chang Yung-Chieh Chang Tzu-Ping Huang	Capital contribution USD4,000,000	100%
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	Chairman Director Director	Sakura Enterprise (B.V. I.) Ltd. Representative: Yung-Chieh Chang Chung-Shi Chang Hung-Chi Lai	Capital contribution USD14,000,000	100%
Svago International Corporation	Chairman Director Director Supervisor	Taiwan Sakura Corporation Representative: Yung-Chieh Chang Taiwan Sakura Corporation Representative: Yuo-Tu Lin Taiwan Sakura Corporation Representative: Hui-Hsun Lee Taiwan Sakura Corporation Representative: Hung-Chi Lai	11,959,750 shares	100%
SAKURA Home Collection Co., Ltd.	Chairman Director Director Supervisor	Taiwan Sakura Corporation Representative: Yung-Chieh Chang Taiwan Sakura Corporation Representative: Yuo-Tu Lin Taiwan Sakura Corporation Representative: Hui-Hsun Lee Taiwan Sakura Corporation Representative: Tsung-Nan Hsieh	25,000,000 shares	100%
Kunshan Hongyu Trading Co., Ltd.	Chairman	Sakura Enterprise (B.V.I.) Ltd. Representative: Chung-Shi Chang	Capital contribution USD 111,159	100%
Kunshan Jingye Consulting Co., Ltd.	Chairman	Sakura Enterprise (B.V.I.) Ltd. Representative: Chung-Shi Chang	Capital contribution USD 68,977	100%
Kunshan Yuntian Trading Co., Ltd.	Chairman	Sakura Enterprise (B.V.I.) Ltd. Representative: Chung-Shi Chang	Capital contribution USD 58,961	100%
Kunshan Haohui Consulting Co., Ltd.	Chairman	Sakura Enterprise (B.V.I.) Ltd. Representative: Chung-Shi Chang	Capital contribution USD 56,681	100%
Kunshan Zhanye Consulting Co., Ltd.	Chairman	Sakura Enterprise (B.V.I.) Ltd. Representative: Chung-Shi Chang	Capital contribution RMB 100,000	100%
Mekong Trading Corporation	Director Director Supervisor Supervisor	Taiwan Sakura Corporation Representative: Yuo-Tu Lin Taiwan Sakura Corporation Representative: Yong-Zheng Chang Taiwan Sakura Corporation Representative: Hsiu- Chi Chan Taiwan Sakura Corporation Representative: Hsia-Chih Liu	Capital contribution USD2,837,166	54.99%

6. Operational highlights of subsidiaries

Unit: in NT$ thousands; Date: 31 Dec. 2023

Company	Common Stock	Assets	Liabilities	Net Worth	Net Revenue	Income from Operation	Net Income	Basic Earnings Per Share (NT$)
Sakura Enterprise (B.V.I.) Ltd.	508,951	1,681,187	9,442	1,671,745	-	(15,486)	93,250	1.83
Sakura Pan Pacific Holdings (Singapore) Pte. Ltd.	113,524	97,075	685	96,390	-	(1,192)	(4,480)	N/A
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	430,290	440,380	4,868	435,512	70,597	38,568	32,054	N/A
SVAGO INTERNATIONAL CORPORATION	119,597	619,881	187,749	432,132	726,756	88,889	80,932	6.77
SAKURA Home Collection Co., Ltd.	250,000	250,591	197,220	53,371	75,032	(54,810)	(54,296)	(2.17)
Kunshan Hongyu Trading Co., Ltd.	3,447	11,004	-	11,004	-	670	670	N/A
Kunshan Jingye Consulting Co., Ltd.	2,120	6,710	-	6,710	-	406	406	N/A
Kunshan Yuntian Trading Co., Ltd.	1,812	5,943	-	5,943	-	357	357	N/A
Kunshan Haohui Consulting Co., Ltd.	1,742	5,647	-	5,647	-	341	341	N/A
Kunshan Zhanye Consulting Co., Ltd.	433	732	-	732	-	28	28	N/A
Mekong Trading Corporation	44,480	102,445	37,865	64,580	137,422	1,025	236	N/A

(II) Consolidated financial statements of affiliated companies

Declaration Statement

For the year ended 31 December 2023 (from 1 January 2023 to 31 December 2023), 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
13 March 2024

(III) The related party report: Please refer to Appendix I (Page 147-244)

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:

Unit: in NT$ thousands

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	None	$30,000	-

IV. Other Matters that Require Additional Description: 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 2023 And 2022

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.

Statement

For the year ended 31 December 2023 (from 1 January 2023 to 31 December 2023), 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

13 March 2024

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 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together " the consolidated financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the Other Matter – Making Reference to the Audits of Other 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 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, 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 Financial Statements Audit and Attestation Eagagement of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of 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 the 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 judgment, were of most significance in our audit of 2023 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.

Revenue recognition

The Company and its subsidiaries recognized operating revenue of NT$8,272,415 thousand in 2023. 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 subsidaries' internal control related to revenue 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 revenue transaction for a period of time before and after the balance sheet date to determine the revenue recognized at the appropriate timing. We also consider the appropriateness of the disclosure of operating revenue in Note 6 of the consolidated financial statements.

Other Matter – Making Reference to the Audits of Other 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 2023 and 2022 were NT$1,087,985 thousand and NT$1,041,974 thousand, respectively, accounting for 11% and 12% of the consolidated total assets, respectively. For the years ended 31 December 2023 and 2022, the profit and loss of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT$91,606 thousand and NT$68,530 thousand, respectively, accounting for 7% and 5% of the consolidated net income before tax, respectively. For the years ended 31 December 2023 and 2022, shares of other comprehensive income of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT$(14,066) thousand and NT$11,885 thousand, respectively, accounting for (26)% and 21% 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 2023 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 2023 and 2022.

Huang, Yu-Ting

Huang, Tzu-Ping

Ernst & Young, Taiwan
13 March 2024

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 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Assets	Notes	As of 31 December 2023 Amount	%	As of 31 December 2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$2,448,970	26	$2,036,762	23
1136	Financial assets measured at amortized cost, current	4, 6(2)	51,000	-	171,778	2
1140	Contract assets, current	4, 6(16),(17)	225,267	2	183,142	2
1150	Notes receivable, net	4, 6(3),(17)	145,185	1	111,022	1
1170	Accounts receivable, net	4, 6(3),(17)	1,097,802	12	1,052,556	12
130X	Inventories	4, 6(4)	1,297,886	14	1,165,622	14
1410	Prepayment		90,028	1	53,078	1
1470	Other current assets	4	7,776	-	14,633	-
11XX	**Total current assets**		5,363,914	56	4,788,593	55
	Non-current assets					
1517	Financial assets measured at fair value through other comprehensive income, non-current	4, 6(5)	178,638	2	108,357	1
1550	Investment accounted for using equity method	4, 6(6)	1,087,985	11	1,041,974	12
1600	Property, plant and equipment	4, 6(7), 8	2,143,032	23	1,965,498	23
1755	Right-of-use assets	4, 6(18)	298,857	3	311,690	4
1760	Investment property, net	4, 6(8), 8	190,814	2	192,619	2
1780	Intangible assets	4, 6(9)	151,387	2	154,315	2
1840	Deferred income tax assets	4, 6(22)	28,473	-	26,602	-
1915	Prepayments for equipment		16,097	-	35,832	-
1900	Other non-current assets	4	75,148	1	65,367	1
15XX	**Total non-current assets**		4,170,431	44	3,902,254	45
1XXX	**Total assets**		$9,534,345	100	$8,690,847	100

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

Taiwan Sakura Corporation
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Liabilities and Equity	Notes	As of 31 December 2023 Amount	%	As of 31 December 2022 Amount	%
	Current liabilities					
2100	Short-term loans	4, 6(10)	$54,586	-	$39,099	-
2130	Contract liabilities, current	4, 6(16)	218,709	2	123,819	1
2150	Notes payable		1,007	-	6,584	-
2170	Accounts payable	7	1,581,224	17	1,393,660	16
2200	Other payables	6(11)	819,377	9	725,537	8
2230	Current tax income liabilities	4	273,697	3	254,833	3
2280	Leased liabilites, current	4, 6(18)	67,114	1	53,795	1
2320	Long-term loans payable, current portion	4, 6(12)	8,000	-	-	-
2300	Other current liabilities	4, 6(14)	42,336	-	45,882	1
21XX	**Total current liabilities**		3,066,050	32	2,643,209	30
	Non-current liabilities					
2540	Long-trem loans	4, 6(12)	112,000	1	-	-
2570	Deferred tax income liabilities	4, 6(22)	44,024	1	30,312	-
2580	Leased liabilities, non-current	4, 6(18)	193,003	2	213,128	3
2640	Net defined benefit liability, non-current	4, 6(13)	24,712	-	29,748	-
2600	Other non-current liabilities	6(14)	56,718	1	51,969	1
25XX	**Total non-current liabilities**		430,457	5	325,157	4
2XXX	**Total liabilities**		3,496,507	37	2,968,366	34
31XX	**Equity attributable to owners of parent**	4, 6(15)				
3100	Capital					
3110	Common stock		2,211,212	23	2,211,212	25
3200	AddItional paid-in capital		131,074	1	121,350	1
3300	Retained earnings					
3310	Legal reserve		939,528	10	830,964	10
3320	Special reserve		115,799	1	115,799	1
3350	Unappropriated earnings		2,585,864	27	2,437,651	28
	Total retained earnings		3,641,191	38	3,384,414	39
3400	Other components of equity					
3410	Exchange differences on translation of foreign operations		(126,385)	(1)	(108,057)	(1)
3420	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income		149,828	1	79,547	1
34XX	Total other components of equity		23,443	-	(28,510)	-
3500	Treasury stock		(21,248)	-	(21,248)	-
31XX	Equity attributable to shareholders of the parent		5,985,672	62	5,667,218	65
36XX	Non-controlling interests		52,166	1	55,263	1
3XXX	**Total equity**		6,037,838	63	5,722,481	66
3X2X	**Total liabilities and equity**		$9,534,345	100	$8,690,847	100

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

			For the years ended 31 December			
			2023		2022	
		Notes	Amount	%	Amount	%
4000	**Operating revenues**	4, 6(16), 7	$8,272,415	100	$8,212,862	100
5000	**Operating costs**	6(4),(19), 7	(5,388,868)	(65)	(5,475,496)	(67)
5900	**Gross profit**		2,883,547	35	2,737,366	33
6000	**Operating expenses**	6(17),(18),(19)				
6100	Selling and marketing expenses		(1,222,276)	(15)	(1,235,497)	(15)
6200	Management and administrative expenses		(347,605)	(4)	(313,695)	(3)
6300	Research and development expenses		(83,206)	(1)	(75,448)	(1)
6450	Expected credit losses		(357)	-	(1,114)	-
	Total operating expenses		(1,653,444)	(20)	(1,625,754)	(19)
6900	**Operating income**		1,230,103	15	1,111,612	14
7000	**Non-operating income and expenses**	6(18),(20)				
7100	Interest income		24,536	-	14,075	-
7010	Other income		34,245	1	34,475	-
7020	Other gains and losses		(8,568)	-	50,035	1
7050	Finance costs		(6,586)	-	(4,894)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(6)	91,606	1	68,530	1
	Total non-operating income and expenses		135,233	2	162,221	2
7900	**Income from continuing operations before income tax**		1,365,336	17	1,273,833	16
7950	**Income tax expense**	4, 6(22)	(296,229)	(4)	(264,380)	(3)
8200	**Income from continuing operations, net of tax**		1,069,107	13	1,009,453	13
8300	**Total other comprehensive income**	6(21)				
8310	**Items that may not be reclassified subsequently to profit or loss**					
8311	Remeasurements of defined benefit plans		3,401	-	22,366	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		70,281	1	19,552	-
8349	Income tax related to items that may not be reclassified subsequently to profit or loss	6(22)	(680)	-	(4,473)	-
8360	**Items that may be reclassified subsequently to profit or loss**					
8361	Exchange differences on translation of foreign operations		(8,843)	-	13,044	-
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)	(14,066)	-	11,885	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	6(22)	4,581	-	(4,443)	-
	Total other comprehensive income, net of tax		54,674	1	57,931	-
8500	**Total comprehensive income**		$1,123,781	14	$1,067,384	13
8600	**Net income attributable to:**					
8610	Shareholders of the parent		$1,072,204		$1,018,940	
8620	Non-controlling interests		(3,097)		(9,487)	
			$1,069,107		$1,009,453	
8700	**Comprehensive income attributable to:**					
8710	Shareholders of the parent		$1,126,878		$1,074,160	
8720	Non-controlling interests		(3,097)		(6,776)	
			$1,123,781		$1,067,384	
	Earnings per share (NT$)	6(23)				
9750	Earnings per share-basic		$4.90		$4.66	
9850	Earnings per share-diluted		$4.88		$4.64	

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings			Other components of equity					
	Notes	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 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(15)	$2,211,212	$121,350	$830,964	$115,799	$2,437,651	$(108,057)	$79,547	$(21,248)	$5,667,218	$55,263	$5,722,481
Balance as of 1 January 2023		$2,211,212	$121,350	$830,964	$115,799	$2,437,651	$(108,057)	$79,547	$(21,248)	$5,667,218	$55,263	$5,722,481
Appropriation of earnings, 2022												
Legal reserve				108,564		(108,564)				-		-
Cash dividends						(818,148)				(818,148)		(818,148)
Donation from shareholders			1,166							1,166		1,166
Net income in 2023						1,072,204				1,072,204	(3,097)	1,069,107
Other comprehensive income (loss), net of income tax in 2023						2,721	(18,328)	70,281		54,674	-	54,674
Total comprehensive income (loss)		-	-	-	-	1,074,925	(18,328)	70,281	-	1,126,878	(3,097)	1,123,781
Adjustment due to dividends subsidiaries received from parent company			8,558							8,558		8,558
Balance as of 31 December 2023	4,6(15)	$2,211,212	$131,074	$939,528	$115,799	$2,585,864	$(126,385)	$149,828	$(21,248)	$5,985,672	$52,166	$6,037,838

(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 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income before tax	$1,365,336	$1,273,833
Adjustments:		
Adjustments to reconcile net income:		
Depreciation	160,471	134,953
Amortization	37,810	38,184
Expected credit losses	357	1,114
Interest expense	6,586	4,894
Interest income	(24,536)	(14,075)
Dividend income	(1,893)	(1,825)
Share of profit of associates and joint ventures accounted for using equity method	(91,606)	(68,530)
Loss (Gain) on disposal and retirement of property, plant and equipment	6,880	(302)
Gain on disposal of investment	(338)	(166)
Reversal of impairment loss on non-financial assets	-	(11,149)
Loss for market price decline and obsolete and slow-moving inventories (Gain from price recovery of inventories)	10,947	(760)
Changes in operating assets and liabilities:		
Increase in contract asset	(41,990)	(13,530)
Increase in notes receivable	(34,163)	(17,497)
(Increase) Decrease in accounts receivable	(45,738)	154,669
Increase in inventories	(143,211)	(210,358)
(Increase) Decrease in prepayment	(37,143)	3,437
Decrease (Increase) in other current assets	6,060	(508)
Increase in other non-current assets	(30,592)	(23,018)
Increase in contract liabilities	94,890	3,228
(Decrease) Increase in notes payable	(5,577)	3,181
Increase (Decrease) in accounts payable	187,564	(57,102)
Increase in other payables	93,840	7,635
(Decrease) Increase in other current liabilities	(3,546)	2,852
(Decrease) Increase in net defined benefit liabilities	(632)	124
Increase in other non-current liabilities	4,749	7,354
Cash generated from operations	1,514,525	1,216,638
Interest received	24,115	13,881
Dividend received	1,893	1,825
Income tax paid	(260,607)	(251,201)
Net cash provided by operating activities	1,279,926	981,143

(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 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
(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 amortized cost	(25,000)	(66,416)
Disposal of financial assets measured at amortized cost	145,141	6,500
Acquisition of finacial assets measured at fair value through profit or loss	(150,000)	(150,000)
Proceeds from disposal of finacial assets measured at fair value through profit or loss	150,338	150,166
Acquisition of property, plant and equipment	(252,312)	(98,957)
Proceeds from disposal of property, plant and equipment	350	518
Increase in refundable deposits	(2,247)	(6,274)
Decrease in refundable deposits	1,929	316
Increase in intangible assets	(13,501)	(8,039)
Increase in prepayment for equipment	(1,657)	(17,156)
Dividends distributed by investment accounted for using equity method	30,402	64,025
Net cash (used in) provided by investing activities	(116,557)	25,269
Cash flows from financing activities:		
Increase in short-term loans	361,141	197,343
Decrease in short-term loans	(345,654)	(181,224)
Increase in long-term loans	120,000	-
Lease principal repayment	(72,188)	(45,396)
Cash dividend distribution	(809,590)	(787,710)
Interest paid	(2,730)	(1,956)
Capital surplus due to donation from shareholders	1,166	654
Net cash used in financing activities	(747,855)	(818,289)
Effect of exchange rate changes on cash and cash equivalents	(3,306)	(446)
Net increase in cash and cash equivalents	412,208	187,677
Cash and cash equivalents at beginning of period	2,036,762	1,849,085
Cash and cash equivalents at end of period	$2,448,970	$2,036,762

(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 2023 AND 2022
(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 2023 and 2022 were authorized for issue in accordance with the resolution of the Board of Directors' meeting on 13 March 2024.

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 2023. 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, 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

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

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 2024. The new or amended standards and interpretations have no material impact on the Group.

(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	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(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 coverage 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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group determine the 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 2023 and 2022 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.

The consolidated entities are listed as follows:

			Ownership percentage		
Investor	Subsidiary	Main businesses	31 Dec. 2023	31 Dec. 2022	Remark
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%	

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

			Ownership percentage		
Investor	Subsidiary	Main businesses	31 Dec. 2023	31 Dec. 2022	Remark
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. (hereinafter referred to as Singapore)	Investment holding	100%	100%	
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)
Sakura Pan Pacific Holdings	Mekong Trading Corporation	Manufacturing and trading gas of equipment and parts	54.99%	54.99%	

Note : B.V.I. consists of five companies including Kunshan Hongyi, which is 100% invested (see Note 13(3) mainland China Investment 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 date of 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 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 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 partial disposal of an associate or jointly 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.

(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.

<u>Financial assets measured at amortized cost</u>

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 measured 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 equipment	8~11 years
Mold equipment	2~3 years
Transportation equipment	6~16 years
Office equipment	4~8 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 residual values, useful years and methods of depreciation of property, plant and equipment 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:

Item	Useful years
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 Svago 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 10-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	Amortized on the straight-line method over the period of the patent	Amortized on the straight-line method over the estimated useful life	Amortized on the straight-line method over the estimated useful life	Amortized on the straight-line method over the estimated useful life	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 by 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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(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.

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) 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.

(2) 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.

(3) 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 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.

(4) 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. Please refer to Note 6 for more details.

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	31 Dec. 2023	31 Dec. 2022
Demand deposits	$1,973,122	$1,566,177
Time deposits	474,586	469,308
Cash on hand	1,262	1,277
Total	$2,448,970	$2,036,762

(2) Financial assets measured at amortized cost

	31 Dec. 2023	31 Dec. 2022
Time deposits- Current	$51,000	$171,778

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 receivable and accounts receivable

	31 Dec. 2023	31 Dec. 2022
Notes receivable	$145,185	$111,022
Less: loss allowance	-	-
subtotal	145,185	111,022
Accounts receivable	1,098,315	1,053,255
Accounts receivable from related parties	-	2
Less: loss allowance	(513)	(701)
Subtotal	1,097,802	1,052,556
Total	$1,242,987	$1,163,578

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

Notes receivable and accounts receivable 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 receivable and accounts receivable, as of 31 December 2023 and 2022 were $1,243,500 and $1,164,279, respectively. Please refer to Note 6(17) for more details on loss allowance of trade receivable for the periods ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

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(4) Inventories

	31 Dec. 2023	31 Dec. 2022
Commodity inventory	$358,159	$383,516
Raw materials	351,610	369,078
Finished goods	335,289	277,906
Work in progress	252,828	135,122
Total	$1,297,886	$1,165,622

The cost of inventories recognized in cost of goods sold by the Group in 2023 and 2022 was $5,388,868 and $5,475,496, respectively. The inventory-related loss and net income recognized in the year of 2023 and 2022 were as follows:

	2023	2022
Revenue from sale of scraps	$3,502	$4,459
Loss on physical inventory	(835)	(2,674)
Obsolete inventory	(10,739)	(12,447)
Inventory valuation (losses) gains	(10,947)	760
Net	$(19,019)	$(9,902)

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

	31 Dec. 2023	31 Dec. 2022
Equity instrument investments designated at fair value through other comprehensive income, non-current:		
Listed stocks	$162,906	$92,625
Unlisted stocks	15,732	15,732
Total	$178,638	$108,357

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

The Group did not dispose of its investment in equity instrument investments designated at fair value through other comprehensive income in 2023.

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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 2022. And converted the unrealized gain accumulated at the time of disposal of $48,805 from other components of equity into retained earnings.

(6) Investment accounted for using the equity method

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

	31 Dec. 2023		31 Dec. 2022	
Investees	Amount	% of ownership	Amount	% of ownership
Investment in associates:				
SAKURA (CAYMAN) CO., LTD.	$796,884	45.00%	$776,489	45.00%
PUDA Industrial Co., Ltd.	218,900	43.19%	195,315	43.19%
Sakura Bath and Kitchen Products (China) Co., Ltd.	72,201	3.89%	70,170	3.89%
Total	$1,087,985		$1,041,974	

(b) The investment benefit and conversion adjustments recognized by the equity method in the financial statements audited by the investee Group in 2023 and 2022 are as follows:

	2023		2022	
Investees	Share of profit or loss of associates and joint ventures	Exchange differences resulting from translation of the financial statements	Share of profit or loss of associates and joint ventures	Exchange differences resulting from translation of the financial statements
Investment in associates:				
SAKURA (CAYMAN) CO., LTD.	$60,900	$(13,034)	$58,974	$10,948
PUDA Industrial Co., Ltd.	24,387	-	3,425	-
Sakura Bath and Kitchen Products (China) Co., Ltd.	6,319	(1,032)	6,131	937
Total	$91,606	$(14,066)	$68,530	$11,885

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

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

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

	31 Dec. 2023	31 Dec. 2022
Current assets	$3,430,533	$3,660,122
Non-current assets	662,824	812,288
Current liabilities	(2,144,567)	(2,513,010)
Non-current liabilities	(69,737)	(128,439)
Minority shareholding	(108,199)	(105,430)
Equity	1,770,854	1,725,531
Percentage of the Group’s ownership	45%	45%
Carrying value of the investment	$796,884	$776,489

	2023	2022
Profit from continuing operations	$135,333	$131,054
Total comprehensive income	$135,333	$131,054

(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 2023 and 31 December 2022 and the total book values are $291,101 and $265,485, respectively. The aggregated financial information is listed as follows according to the total shares:

	2023	2022
Profit from continuing operations	$30,706	$9,556
Other comprehensive income, net of tax	(802)	2,484
Total comprehensive income	$29,904	$12,040

The investment in associates mentioned above did not have contingent liabilities or capital commitments as of 31 December 2023 and 2022, and no pledge was provided.

(7) Property, plant and equipment

	31 Dec. 2023	31 Dec. 2022
Owner occupied property, plant and equipment	$2,143,032	$1,965,498

(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. 2023	$1,314,864	$977,371	$304,991	$171,353	$67,830	$44,920	$93,522	$17,878	$2,992,729
Additions	-	2,383	15,326	16,398	1,642	5,276	46,178	165,109	252,312
Disposals	-	(159,680)	(86,262)	(134,034)	(37,062)	(31,481)	(40,723)	(3,566)	(492,808)
Other changes	-	2,948	12,765	7,597	1,300	138	2,436	(4,551)	22,633
Exchange rate differences	-	(7,494)	-	-	(70)	-	-	(11)	(7,575)
31 Dec. 2023	$1,314,864	$815,528	$246,820	$61,314	$33,640	$18,853	$101,413	$174,859	$2,767,291

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

	Land	Buildings	Machinery equipment	Mold equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under installation	Total
Depreciation and impairment:									
1 Jan. 2023	$-	$531,587	$181,616	$155,963	$54,341	$36,378	$67,346	$-	$1,027,231
Depreciation	-	28,100	27,348	13,964	4,469	3,612	9,049	-	86,542
Disposals	-	(156,083)	(86,263)	(134,034)	(37,062)	(31,413)	(40,723)	-	(485,578)
Exchange rate differences	-	(3,866)	-	-	(70)	-	-	-	(3,936)
31 Dec. 2023	$-	$399,738	$122,701	$35,893	$21,678	$8,577	$35,672	$-	$624,259
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	$1,314,864	$977,371	$304,991	$171,353	$67,830	$44,920	$93,522	$17,878	$2,992,729
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	$-	$531,587	$181,616	$155,963	$54,341	$36,378	$67,346	$-	$1,027,231
Fair value									
31 Dec. 2023	$1,314,864	$415,790	$124,119	$25,421	$11,962	$10,276	$65,741	$174,859	$2,143,032
31 Dec. 2022	$1,314,864	$445,784	$123,375	$15,390	$13,489	$8,542	$26,176	$17,878	$1,965,498

(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 owned land in the amount of $77,167 and $278,658 in 2023 and 2022 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.

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

(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. 2023	$164,203	$108,383	$272,586
Disposal	-	(29,607)	(29,607)
As of 31 Dec. 2023	$164,203	$78,776	$242,979
Depreciation and impairment:			
As of 1 Jan. 2023	$2,611	$77,356	$79,967
Current period depreciation	-	1,805	1,805
Disposal	-	(29,607)	(29,607)
As of 31 Dec. 2023	$2,611	$49,554	$52,165

	Land	Buildings	Total
Cost:			
As of 1 Jan. 2022	$164,203	$108,383	$272,586
As of 31 Dec. 2022	$164,203	$108,383	$272,586
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	$2,611	$77,356	$79,967
Net carrying amount:			
As of 31 Dec. 2023	$161,592	$29,222	$190,814
As of 31 Dec. 2022	$161,592	$31,027	$192,619

	2023	2022
Rental income from investment property	$4,842	$4,842
Less:		
Direct operating expenses from investment property generating rental income	(1,692)	(1,849)
Direct operating expenses from investment property not generating rental income	(291)	(303)
Total	$2,859	$2,690

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

For investment property pledge, please refer to Note 8.

Investment properties held by the Company are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of the Company's investment property both amounted to NT$369,714 as of 31 December 2023 and 2022. The fair value of investment property as of 31 December 2023 was determined by the Company's management using the comparative method and with reference to transaction prices in nearby locations. The fair value as of 31 December 2022 was evaluated by an independent external appraisal expert, using the cost method to evaluate the price of land, and the comparative method to evaluate the price of buildings.

(9) Intangible assets

	Patent rights	Trademark rights	Computer software cost	Goodwill	Other intangible assets	Total
Cost:						
As of 1 Jan. 2023	$7,033	$87,459	$34,932	$9,063	$58,634	$197,121
Addition						
- acquired separately	650	677	12,174	-	-	13,501
Disposals	(1,868)	(918)	(21,915)	-	-	(24,701)
Other changes	-	-	3,359	-	-	3,359
As of 31 Dec. 2023	$5,815	$87,218	$28,550	$9,063	$58,634	$189,280
As of 1 Jan. 2022	$6,518	$87,003	$27,765	$9,063	$58,634	$188,983
Addition	515	456	7,068	-	-	8,039
- acquired separately						
Exchange rate differences	-	-	99	-	-	99
As of 31 Dec. 2022	$7,033	$87,459	$34,932	$9,063	$58,634	$197,121

	Patent rights	Trademark rights	Computer software cost	Goodwill	Other intangible assets	Total
Amortization and impairment:						
As of 1 Jan.2023	$4,279	$4,978	$23,149	$-	$10,400	$42,806
Amortization	706	732	11,234	-	7,116	19,788
Disposals	(1,868)	(918)	(21,915)	-	-	(24,701)
As of 31 Dec. 2023	$3,117	$4,792	$12,468	$-	$17,516	$37,893
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	$4,279	$4,978	$23,149	$-	$10,400	$42,806
Net carrying amount as of:						
31 Dec. 2023	$2,698	$82,426	$16,082	$9,063	$41,118	$151,387
31 Dec. 2022	$2,754	$82,481	$11,783	$9,063	$48,234	$154,315

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

The amortized amount of recognized intangible assets is as follows:

	2023	2022
Operating expenses	$19,788	$19,191

(10) Short-term loans

	31 Dec. 2023	31 Dec. 2022
Unsecured bank loan	$54,586	$39,099

	31 Dec. 2023	31 Dec. 2022
Interest rates (%)	2.21%-7.50%	1.60%-5.90%

The Group's unused short-term lines of credits, including credit loans and secured loans, amounted to $620,414 and $569,901 as of 31 December 2023 and 31 December 2022, respectively, among which the secured loans were not drawn.

(11) Other payables

	31 Dec. 2023	31 Dec 2022
Accrued salary and bonus	$357,010	$323,780
Payables on promotion fee	116,429	131,758
Accrued employees' compensation and directors' remuneration	72,067	67,660
Payables on advertisement	63,813	58,756
Other payables - others	210,058	143,583
Total	$819,377	$725,537

(12) Long-term loans

Details of long-term loans as of 31 December 2023 are as follows:

Lenders	As of 31 Dec. 2023	Interest rate (%)	Maturity date and terms of repayment
Bank of Taiwan - Secured loans	$120,000	1.71%	Repayable from 1 December 2023 to 1 December 2038, and amortized from 1 January 2024, in 180 installments with one installment per month.
Subtotal	120,000		
Less: current portion	(8,000)		
Total	$112,000		

The Group did not have any long-term loans as of 31 December 2022.

Please refer to Note 8 for the above loans under pledge.

(13) Post-employment benefit plans

Defined contribution plans

The Group and its domestic subsidiaries adopt a defined contribution plan in accordance with the “Labor Pension 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 2023 and 2022 were $29,126 and $27,125, 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.

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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 to its defined benefit plan in the next year starting from 31 December 2023.

As of 31 December 2023 and 31 December 2022, 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:

	2023	2022
Current period service cost	$782	$1,051
Net defined interest on benefit liabilities	362	242
Total	$1,144	$1,293

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

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Defined benefit obligation	$167,537	$175,829	$194,053
Plan assets at fair value	(142,730)	(145,974)	(145,038)
Contribution status	24,807	29,855	49,015
Other payables due within one year	(95)	(107)	(130)
Net defined benefit liabilities – non-current	$24,712	$29,748	$48,885

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

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. 2022	$194,053	$(145,038)	$49,015
Current period service costs	1,051	-	1,051
Interest expense (income)	970	(728)	242
Subtotal	196,074	(145,766)	50,308
Remeasurements of the net defined benefit liability (asset):			
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	(6,913)	(12,348)	(19,261)
Payments from the plan	(13,332)	13,332	-
Contributions by employer	-	(1,192)	(1,192)
As of 31 Dec. 2022	175,829	(145,974)	29,855
Current period service costs	782	-	782
Interest expense (income)	2,198	(1,836)	362
Subtotal	178,809	(147,810)	30,999
Remeasurements of the net defined benefit liability (asset):			
Experience adjustments	(3,095)	-	(3,095)
Loss of the planned asset remuneration	-	(1,310)	(1,310)
Subtotal	(3,095)	(1,310)	(4,405)
Payments from the plan	(8,177)	8,177	-
Contributions by employer	-	(1,787)	(1,787)
As of 31 Dec. 2023	$167,537	$(142,730)	$24,807

The principal actuarial assumptions used were as follows:

	31 Dec. 2023	31 Dec. 2022
Discount rate	1.25%	1.25%
Future salary increase rate	2.75%	2.75%

Sensitivity analysis for significant assumption are shown below:

	2023		2022	
	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%	$-	$2,692	$-	$3,248
Discount rate decreased by 0.5%	2,833	-	3,429	-
Future salary increased by 1%	5,668	-	6,925	-
Future salary decreased by 1%	-	5,228	-	6,349

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

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.

(14) Provisions

	Warranties
As of 1 Jan. 2023	$72,386
Addition - others	25,636
Utilized	(21,431)
Unused provision reversed	(196)
As of 31 Dec. 2023	$76,395
Current - 31 Dec. 2023	$20,106
Non-current - 31 Dec. 2023	56,289
As of 31 Dec. 2023	$76,395
Current - 1 Jan. 2022	$62,355
Addition - others	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

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

<u>Warranties</u>

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

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(15) 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 2023 and 2022. 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

	31 Dec. 2023	31 Dec. 2022
Treasury stock transactions	$67,544	$58,986
Premium issuance	47,959	47,959
Donated assets received	14,410	13,244
Changes in the net value of associates and joint venture equity using the equity method	1,161	1,161
Total	$131,074	$121,350

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 2023 and 2022, the fair value of the treasury stock held by the Company's subsidiary, Svago International Corporation, was $160,749 and $143,633, 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.

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.

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

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 2023 and 1 January 2022. In addition, the Company did not use, dispose or reclassify the relevant assets from 1 January to 31 December 2023 and 2022, and thus revolved the special surplus reserve to the undistributed surplus. As of 31 December 2023 and 2022, the special surplus reserve amount for the first adoption was $115,799.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of directors’ meeting and shareholders’ meeting on 13 March 2024 and 21 June 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$107,492	$108,564		
Cash dividend				
– common stock (Note)	857,950	818,148	$3.88	$3.70

Note : The Company was authorized according to the Articles of Association and passed by special resolution on 13 March 2024 and 10 May 2023, the proposal to distribute common share cash dividends of 2023 and 2022.

Please refer to Note 6(19) for relevant information on the estimation basis and amount for employees’ compensation and remuneration to directors.

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(e) Non-controlling interest

	31 Dec. 2023	31 Dec. 2022
1 Jan. 2023	$55,263	$62,039
Contributed to non-controlling interests of net loss	(3,097)	(9,487)
Contributed to non-controlling interests of other comprehensive income:		
Exchange differences on translation of foreign financial statements	-	2,711
31 Dec. 2023	$52,166	$55,263

(16) Operating revenue

	2023	2022
Revenue from contracts with customers		
- Sale of goods	$8,201,818	$8,141,791
Rental income	70,597	71,071
Total	$8,272,415	$8,212,862

Analysis of revenue from contracts with customers during the periods ended 31 December 2023 and 2022 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2023:

	Gas appliances division	Kitchenware division	Other divisions	Total
Sale of goods	$4,980,871	$2,393,957	$826,990	$8,201,818
Rental income	-	-	70,597	70,597
Total	$4,980,871	$2,393,957	$897,587	$8,272,415
Timing of revenue recognition:				
At a point in time	$4,980,871	2,393,957	$826,990	$8,201,818
Over time	-	-	70,597	70,597
Total	$4,980,871	$2,393,957	$897,587	$8,272,415

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

For the year ended 31 December 2022:

	Gas appliances division	Kitchenware division	Other division	8Total
Sale of goods	$4,973,652	$2,138,570	$1,029,569	$8,141,791
Rental income	-	-	71,071	71,071
Total	$4,973,652	$2,138,570	$1,100,640	$8,212,862
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	$4,973,652	$2,138,570	$1,100,640	$8,212,862

(b) Contract balances

A. Contract assets - current

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Sale of goods	$225,267	$183,142	$169,648

The significant changes in the Group's balances of contract assets during the periods ended 31 December 2023 and 2022 are as follows:

	31 Dec. 2023	31 Dec. 2022
The opening balance transferred to trade receivables	$(183,142)	$(169,648)
Fulfilling performance obligations without achieving the unconditional collection	225,267	183,142
Changes during the period	$42,125	$13,494

B. Contract liabilities – current

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Sale of goods	$218,709	$123,819	$120,591

The significant changes in the Group's balances of contract liabilities for the year ended 31 December 2023 and 2022 are as follows:

	31 Dec. 2023	31 Dec. 2022
The opening balance transferred to revenue	$(123,819)	$(120,591)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	218,709	123,819
Changes during the period	$94,890	$3,228

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

(c) Transaction price allocated to unfulfilled performance obligations

None.

(d) Assets recognized from costs to fulfil a contract

None.

(17) Expected credit losses

	2023	2022
Operating expenses– Expected credit losses		
Accounts receivable	$492	$523
Other receivable	-	555
Contract assets	(135)	36
Total	$357	$1,114

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

The loss allowances of the Group's contract assets and receivables (including notes receivable and accounts receivable) were measured at lifetime expected credit loss. The assessment of the Company's loss allowance for the year ended 31 December 2023 and 2022 is as follows:

(a) The total carrying amounts of the contract assets were $225,328 and $183,338, respectively. The amounts of the allowance loss were $61 and $196, 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 2023

Group1:

		Days of overdue			
	Not yet due (Note)	Over a year	Over two years	Over three years	Total
Gross carrying amount	$1,212,311	$-	$-	$-	$1,212,311
Loss ratio	0.01%-0.3%	70%	90%	100%	
Lifetime expected credit losses	-	-	-	-	-
Carrying amount	$1,212,331	$-	$-	$-	$1,212,311

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

Group2:

		Days of overdue			
	Not yet due (Note)	Over a year	Over two years	Over three years	Total
Gross carrying amount	$28,993	$2,196	$-	$-	$31,189
Loss ratio	0.01%-30%	50%	70%	100%	
Lifetime expected credit losses	(513)	-	-	-	(513)
Carrying amount	$28,480	$2,196	$-	$-	$30,676

As of 31 December 2022

Group1:

		Days of overdue			
	Not yet due (Note)	Over a year	Over two years	Over three years	Total
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:

		Days of overdue			
	Not yet due (Note)	Over a year	Over two years	Over three years	Total
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

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, notes receivable and accounts receivable and other receivables during the ended 31 December 2023 and 2022 is as follows:

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

	Contract assets	Notes receivable	Accounts receivable	Other receivables	Total
As of 1 Jan. 2023	$196	$-	$701	$3,268	$4,165
(Reversal) Addition for the current year	(135)	-	492	-	357
Write off	-	-	(680)	(687)	(1,367)
As of 31 Dec. 2023	$61	$-	$513	$2,581	$3,155
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

(18) 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 follows:

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	31 Dec. 2023	31 Dec. 2022
Buildings	$241,093	$250,815
Land	47,975	51,075
Transportation equipment	5,141	3,238
Land improvement	4,648	6,562
Total	$298,857	$311,690

During the year ended 31 December 2023 and 2022, the Group's additions to right-of-use assets amounted to $61,527 and $188,345, respectively.

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

b. Lease liabilities

	31 Dec. 2023	31 Dec. 2022
Lease liabilities		
Current	$67,114	$53,795
Non-current	193,003	213,128
Total	$260,117	$266,923

Please refer to Note 6(20)(d) for the interest on lease liabilities recognized during the period ended 31 December 2023 and 2022, and refer to Note 12(5) - Liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2023 and 2022.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2023	2022
Buildings	$65,936	$44,176
Land	2,164	2,178
Transportation equipment	2,110	1,868
Land improvement	1,914	1,859
Total	$72,124	$50,081

C. Income and costs relating to leasing activities

	2023	2022
The expenses relating to short-term leases	$4,704	$6,819

D. Cash outflow relating to leasing activities

During the year ended 31 December 2023 and 2022, the Group's total cash out-flows for leases amounted to $76,892 and $52,215, respectively.

(2) Group as a lessor

(a) 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.

	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$4,861	$4,861

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

(b) 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 2023 and 2022 are as follows:

	31 Dec. 2023	31 Dec. 2022
No later than one year	$41,182	$71,071
Later than one year but no later than two years	-	41,458
Total	$41,182	$112,529

(19)Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function / Nature	2023			2022		
	Operating costs	Operating expense	Total	Operating costs	Operating expense	Total
Employee benefits expense						
Salaries	$321,462	$683,809	$1,005,271	$323,413	$625,011	$948,424
Labor and health insurance	29,039	53,839	82,878	25,967	51,655	77,622
Pension	8,610	21,660	30,270	8,019	20,399	28,418
Other employee benefits expense	12,539	26,096	38,635	12,572	24,616	37,188
Depreciation	94,431	66,040	160,471	79,169	55,784	134,953
Amortization	6,667	31,143	37,810	7,744	30,440	38,184

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 2023, employees’ compensation and remuneration to the directors were accrued at $42,249 and $26,758, respectively, which were booked under salary expenses. The Company has not yet convened a board meeting to determine employee compensation and remuneration to directors.

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The actual distribution of the employee's compensation and remuneration to the directors in 2022 ware $39,592 and $25,074, respectively, which were consistent with the estimated amount recognized in the 2022 financial statements.

(20) Non-operating income and expenses

(a) Interest income

	2023	2022
Interest income		
Financial assets measured at amortized cost	$24,536	$14,075

(b) Other income

	2023	2022
Rental income	$4,861	$4,861
Dividend income	1,893	1,825
Other income	27,491	27,789
Total	$34,245	$34,475

(c) Other gains and losses

	2023	2022
Foreign exchange gains, net	$3,193	$50,649
Gain on disposal of investment	338	166
Gain on reversal of impairment loss	-	11,149
(Losses) Gains on disposal of property, plant and equipment	(6,880)	302
Other losses - others	(5,219)	(12,231)
Total	$(8,568)	$50,035

(d) Finance costs

	2023	2022
Interest on lease liabilities	$3,856	$2,938
Interest on loans from bank	2,730	1,956
Total	$6,586	$4,894

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

(21) Components of other comprehensive income

For the year ended 31 December 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive (loss) income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$3,401	$-	$3,401	$(680)	$2,721
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	70,281	-	70,281	-	70,281
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(8,843)	-	(8,843)	1,768	(7,075)
Share of gain (loss) of associates and joint ventures accounted for using equity method through other comprehensive income	(14,066)	-	(14,066)	2,813	(11,253)
Total other comprehensive income	$50,773	$-	$50,773	$3,901	$54,674

For the year ended 31 December 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive loss	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	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	$66,847	$-	$66,847	$(8,916)	$57,931

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

(22) Income tax

Components of the income tax expenses (income):

(a) Income tax expense recognized in profit or loss

	2023	2022
Current income tax expense:		
Current income tax charge	$281,110	$253,847
Undistributed surplus for income tax	4,342	3,126
Adjustments in respect of current income tax of prior periods	(4,763)	6,395
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	15,540	1,012
Total income tax expense	$296,229	$264,380

(b) Income tax relating to components of other comprehensive income

	2023	2022
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$680	$4,473
Exchange differences on translation of foreign operations	(1,768)	2,066
Share of loss of associates and joint ventures accounted for using equity method through other comprehensive income	(2,813)	2,377
Income tax relating to components of other comprehensive income	$(3,901)	$8,916

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	2023	2022
Accounting profit before tax from continuing operations	$1,365,336	$1,273,833
Tax at the domestic rates applicable to profits in the country concerned	$298,773	$280,926
Income tax effects of deferred tax assets and liabilities	19,855	61
Undistributed surplus for income tax	4,342	3,126
Income tax effects of non-deductible expenses on tax returns	4	372
Adjustments in respect of current income tax of prior periods	(4,763)	6,395
Income tax effects of tax-exempt income	(21,982)	(26,500)
Total income tax expense	$296,229	$264,380

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

(d) Amounts of deferred tax assets (liabilities):

For the year ended 31 December 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized exchange gain or loss	$(1,183)	$992	$-	$(191)
Expected credit losses	7	-	-	7
Allowance for sales discounts	2,014	671	-	2,685
Unrealized inventory valuation loss	33	2,150	-	2,183
Impairment of investment property	2,731	-	-	2,731
Investment using the equity method	(148)	(19,855)	-	(20,003)
Unrealized gain on inter-affiliate accounts	464	(172)	-	292
Provision for warranties	14,477	802	-	15,279
Net defined benefit liability	5,895	(128)	(882)	4,885
Unrealized exchange profit or loss	(28,411)	-	4,581	(23,830)
Unused tax loss	411	-	-	411
Deferred income tax expense		$(15,540)	$3,699	
Net deferred tax liabilities	$(3,710)			$(15,551)
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$26,602			$28,473
Deferred income tax liabilities	$(30,312)			$(44,024)

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 inventory valuation loss	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		$(1,012)	$(8,295)	
Net deferred tax assets (liabilities)	$5,597			$(3,710)
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$30,283			$26,602
Deferred income tax liabilities	$(24,686)			$(30,312)

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

(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. 2023	Unused tax losses as of 31 Dec. 2022	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	46,952	2032
2023	52,751	52,751	-	2033
		$190,918	$138,167	

(f) Unrecognized deferred tax assets

As of 31 December 2023 and 2022, temporary differences not recognized as deferred tax assets amounted to $37,773 and $27,223 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 2023 and 2022, deferred income tax liabilities that both were recognized amounted to $23,127, and deferred income tax liabilities that both were not recognized amounted to $152,893, respectively.

(h) The assessment of income tax returns

As of 31 December 2023, the assessment returns of income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved through 2021
Subsidiary - Svago International Corporation	Assessed and approved through 2021
Subsidiary - SAKURA Home Collection	Assessed and approved through 2021

As at 31 December 2023, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2022.

(23) 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.

	2023	2022
(a) Basic earnings per share		
Net profit attributable to ordinary stockholders	$1,072,204	$1,018,940
Weighted average number of ordinary shares outstanding (in thousands)	$218,808	$218,808
Basic earnings per share (NT$)	$4.90	$4.66

	2023	2022
(b) Diluted earnings per share		
Net profit attributable to ordinary stockholders	$1,072,204	$1,018,940
Net profit after adjusting the dilution effect (in thousands)	$1,072,204	$1,018,940
Weighted average number of ordinary shares outstanding (in thousands)	218,808	218,808
Effect of dilution:		
Employee compensation －stock (in thousands)	827	849
Weighted average number of ordinary shares outstanding after dilution (in thousands)	219,635	219,657
Diluted earnings per share (NT$)	$4.88	$4.64

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.

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

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

Name of the related parties	Nature of relationship of the related parties
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 Shunde Co., Ltd. (hereinafter referred to as Sakura Shunde)	Subsidiary of the invested company evaluated by the equity method
Sakura Cultural and Educational Foundation	Substantive related party

Significant transactions and balances with related parties

(a) Sales

	2023	2022
Subsidiaries of the invested company evaluated by the equity method	$70,597	$71,071

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 2023 and 2022 was $70,597 and $71,071, respectively.

(b) Purchases

	2023	2022
Subsidiary of the invested company evaluated by the equity method	$21,778	$23,049
Invested company evaluated by equity method	15,401	16,449
Total	$37,179	$39,498

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

The terms of purchases and payment of the Group from related parties is not significantly different from any third parties.

(c) Accounts payable

	31 Dec. 2023	31 Dec. 2022
Invested company evaluated by equity method	$3,230	$2,812
Subsidiary of the invested company evaluated by the equity method	3,088	2,412
Total	$6,318	$5,224

(d) Endorsements and guarantees

Please refer to Note 9(3) for details of the guarantees provided by the Company for related corporate borrowings. For details, please refer to Note 13(1)(b) - Information on reinvestments.

(e) Key management personnel compensation

	2023	2022
Short-term employee benefits	$121,058	$109,448
Post-employment benefits	906	728
Total	$121,964	$110,176

(f) Donation expenses

	2023	2022
Sakura Cultural and Educational Foundation	$3,000	$1,000

8. PLEDGED ASSETS

The following table lists assets of the Group were pledged:

	Carrying amount	
Item	31 Dec. 2023	31 Dec. 2022
Property, plant and equipment	$867,443	$878,518
Investment property, land	80,484	80,484
Investment property, buildings	17,915	19,269
Total	$965,842	$978,271

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(a) As of 31 December 2023, the Group’s unused letters of credit amounted to CN$6,854,031.

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

(b) As of 31 December 2023, the Group's remaining balance due to construction in progress and loans was $366,320.

(c) Information about endorsement and guarantee to others as of 31 December 2023, please refer to Note 13(1)(b).

(d) The Group's major contracts and related payments with constructors and engineering companies are as follows:

Name of Construction	Contract price (tax included)	Amount paid	Outstanding amount
Factory construction of the Wufeng Plant	$540,000	$95,040	$444,960

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Financial instruments

Financial assets

	31 Dec. 2023	31 Dec. 2022
Financial assets at fair value through profit or loss:		
Financial assets at fair value through other comprehensive income	$178,638	$108,357
Financial assets measured at amortized cost		
Cash and cash equivalents	2,448,970	2,036,762
Financial assets measured at amortized cost - current	51,000	171,778
Contract assets - current	225,267	183,142
Notes receivable	145,185	111,022
Accounts receivable	1,097,802	1,052,556

Financial liabilities

	31 Dec. 2023	31 Dec. 2022
Financial liabilities at amortized cost:		
Short-term loans	$54,586	$39,099
Contract liability - current	218,709	123,819
Notes payable	1,007	6,584
Accounts payables	1,581,224	1,393,660
Other payables	819,377	725,537
Lease liabilities (including current and non-current)	260,117	266,923
Long-term loans (including current portion with maturity less than 1 year)	120,000	-

(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 are 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 2023 and 2022 from 1 January to 31 December is increased by $3,108 and $3,555, respectively. The equity is decreased by $7,969 and $7,765, 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 2023 and 2022 from 1 January to 31 December is increased by $2,272 and $3,768, respectively. The equity is decreased/increased by $722 and $702, 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 2023 and 2022 from 1 January to 31 December is increased/decreased by $233 and $61, 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 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 $1,629 and $926, respectively, from 1 January to 31 December 2023 and 2022.

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 receivable, notes receivable, 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 2023 and 2022, amounts receivable from top ten customers represented 30.82% and 31.17% 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.

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

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. 2023					
Short-term loans	$55,701	$-	$-	$-	$55,701
Notes and accounts payable	1,582,231	-	-	-	1,582,231
Other payables	819,377	-	-	-	819,377
Long-term loans	9,989	19,568	19,021	86,897	135,475
Lease liabilities	70,966	47,703	64,989	90,674	274,332
As of 31 Dec. 2022					
Short-term loans	$39,961	$-	$-	$-	$39,961
Notes and accounts payable	1,400,244	-	-	-	1,400,244
Other payables	725,537	-	-	-	725,537
Lease liabilities	57,946	39,283	66,590	120,587	284,406

(6) Reconciliation of liabilities arising from financing activities

Information on the reconciliation of liabilities from 1 January to 31 December 2023:

	Short-term loans	Lease liabilities	Long-term loans (including current portion)	Total
As of 1 Jan. 2023	$39,099	$266,923	$-	$306,022
Non-cash changes	-	65,382	-	65,382
Cash flows	15,487	(72,188)	120,000	63,299
As of 31 Dec. 2023	$54,586	$260,177	$120,000	$434,703

Information on the reconciliation of liabilities from 1 January to 31 December 2022:

	Short-term loans	Lease liabilities	Long-term loans (including current portion)	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	$39,099	$266,923	$-	$306,022

(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 Group 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. Fair value of bank loans 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 the fair value measurement hierarchy for financial instruments of the Group.

(8) Derivatives

The Group did not hold any derivatives for trading as of 31 December 2023 and 31 December 2022.

(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 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. 2023

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$162,906	$-	$15,732	$178,638

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

As of 31 Dec. 2022

	Level 1	Level 2	Level 3	Total
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

Transfer between level 1 and level 2 during the period

During the year of 2023 and 2022, 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 income
	Stock
As of 1 January 2023	$15,732
Total gains and losses recognized in 2023:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive income”)	-
As of 31 December 2023	$15,732

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

	Assets
	Financial assets measured at fair value through other comprehensive income
	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 income")	-
As of 31 December 2022	$15,732

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 2023:

	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.

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

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.

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 re-measured or re-assessed 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. 2023

	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. 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

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

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: thousands

	31 Dec. 2023			31 Dec. 2022		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets						
Monetary items						
US$	$10,373	30.7350	$318,814	$11,912	30.7080	$365,794
CN$	108,323	4.3338	469,450	122,148	4.4175	539,589
VND$	43,885,957	0.0013	57,052	44,209,384	0.0013	57,472
Long-term equity investment by equity method						
US$	$25,928	30.7350	$796,884	$25,286	30.7080	$776,489
CN$	16,660	4.3338	72,201	15,885	4.4175	70,170
Financial liabilities						
Monetary items						
US$	$260	30.7350	$7,991	$335	30.7080	$10,287
CN$	55,906	4.3338	242,285	36,859	4.4175	162,825
VND$	2,600,908	0.0013	3,381	39,548,379	0.0013	51,413

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 gains and losses information of monetary financial assets and financial liabilities in accordance with each significant foreign currency. The foreign exchange rate gains of the Group in the year of 2023 and 2022 were $3,193 and $50,649, 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.

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

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. 2023 (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	$2,094,985	$30,000	$30,000	$-	$-	0.50%	$2,094,985	Y	N	N
0	Taiwan Sakura Corporation	Sakura Home Corporation	Parent company and subsidiary	2,094,985	230,000	95,000	35,000	-	1.59%	2,094,985	Y	N	N
1	Svago International Corporation	Taiwan Sakura Corporation	Parent company and subsidiary	216,066	104,646	104,646	-	-	24.22%	518,558	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 2023.

(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.

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

(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 income - non-current	1,932,517	$93,534	-	$93,534	
Svago International Corporation	〃	Sakura Development Co., Ltd.	-	〃	1,433,289	69,372	-	69,372	
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 Corp.	-	〃	130	-	-	-	
Svago International Corporation	〃	Taichung International Entertainment	-	〃	1	1,735	0.03%	1,735	
				Total		$178,638		$178,638	

(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.

(d) Acquisition of real estate reaching NT$300 million or 20% of paid-up capital or more:

Company Name	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose and Usage of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Taiwan Sakura Corporation	New construction of factory	10 March 2023	$540,000	According to the contract	Enrich Tech Co., Ltd.	-	Not applicable				Price comparison and negotiation	For production and operation	None

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

(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	$324,218	4.3%	3 months after monthly-closing	Product standard cost plus 5%	Regular	$46,065	3.9%	

(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.

(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	$324,218	Product standard cost-plus 5%	3.92%
0	Taiwan Sakura Corporation	Svago International Corporation	1	Account receivable	$46,065	Actual remittance method	0.48%
1	Svago International Corporation	Taiwan Sakura Corporation	2	Purchases	$324,218	Product standard cost-plus 5%	3.92%
1	Svago International Corporation	Taiwan Sakura Corporation	2	Account payable	$46,065	Actual remittance method	0.48%

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.

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

(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. 2023			Investee company's current (loss) profit	Investment (loss) income recognized by the Group	Note
				Balance as of 31 Dec. 2023	Balance as of 31 Dec. 2022	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 and trading of sanitary ware, building materials equipment, machinery and car accessories, etc.	$101,000	$101,000	12,800,419	43.19%	$218,900	$56,464	$24,387	
Taiwan Sakura Corporation	Sakura Enterprise (B.V.I.) Ltd.	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town , Tortola, British Virgin Islands VG1110.	Investment company	223,903	223,903	17,153,171	100.00%	1,671,745	93,250	93,250	
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%	270,096	72,374	73,234	Note 1

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

Investor	Investee	Location	Main business items	Initial investment amount		Shares held as of 31 Dec. 2023			Investee company's current (loss) profit	Investment (loss) income recognized by the Group	Note
				Balance as of 31 Dec. 2023	Balance as of 31 Dec. 2022	Number of shares	Ownership (%)	Book value			
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	250,000	25,000,000	100.00%	53,371	(54,296)	(54,296)	
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%	96,390	(4,480)	(4,480)	
Sakura Enterprise (B.V.I.) Ltd.	SAKURA (CAYMAN) CO., LTD.	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Raod, Grand Cayman, KY1-1205, Cayman Islands.	Investment Group	USD5,850,000	USD5,850,000	5,850,000	45.00%	796,884	135,333	60,900	Note 2
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%	63,498	236	(3,783)	Note 3

NOTE1: Gains and losses on investment include the adjustment of the downstream unrealized gross profit.

NOTE2: The current profit or loss of SAKURA (CAYMAN) CO., LTD. included investment income from Sakura Kitchen (China) Co., Ltd. accounted for using equity method.

NOTE3: The investment income from the investees recognized for the current period included the adjustment of the downstream unrealized gross profit and amortization of premium.

(3) Information of investment in Mainland China:

(a) The details of the Company's investment in China through the Sakura Enterprise (B.V.I.) Ltd. are as follows:

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

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of 1 Jan. 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended 31 Dec. 2023		Accumulated amount of remittance from Taiwan to Mainland China as of 31 Dec. 2023	Net income of investee for the year ended 31 Dec. 2023	Ownership held by the Group (direct or indirect)	Investment income (loss) recognized by the Group for the year ended 31 Dec. 2023	Book value of investments in Mainland China as of 31 December 2023	Accumulated amount of investment income remitted back to Taiwan as of 31 Dec. 2023
					Remitted to Mainland China	Remitted back to Taiwan						
Sakura Bath and Kitchen Products (China) Co., Ltd.	Kitchen appliances	$1,386,816 (RMB320,000,000)	Investing in a third region to set up a company to reinvest in mainland companies	$372,255 (USD12,110,786)	$-	$-	$372,255 (USD12,110,786)	$162,460	44.39% (Note 3)	$72,116	$874,602	$1,237,726 (USD31,811,100) (RMB59,996,315)
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	Kitchen appliances and real estate leasing industry	430,290 (USD14,000,000)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	32,054	100.00%	32,054	435,512	-
Kunshan Hongyu Trading Co., Ltd.	Household appliances, electronic products, communication equipment	3,447 (USD112,159)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	670	100.00%	670	11,004	-
Kunshan Jingye Consulting Co., Ltd.	Corporate investment, management consulting services	2,120 (USD 68,977)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	406	100.00%	406	6,710	-
Kunshan Yuntian Trading Co., Ltd	Household appliances, electronic products, communication equipment	1,812 (USD 58,961)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	357	100.00%	357	5,943	-

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

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of 1 Jan. 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended 31 Dec. 2023		Accumulated amount of remittance from Taiwan to Mainland China as of 31 Dec. 2023	Net income of investee for the year ended 31 Dec. 2023	Ownership held by the Group (direct or indirect)	Investment income (loss) recognized by the Group for the year ended 31 Dec. 2023	Book value of investments in Mainland China as of 31 December 2023	Accumulated amount of investment income remitted back to Taiwan as of 31 Dec. 2023
					Remitted to Mainland China	Remitted back to Taiwan						
Kunshan Haohui Consulting Co., Ltd	Corporate image, corporate marketing, exhibition planning consultation	1,742 (USD 56,681)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	341	100.00%	341	5,647	-
Kunshan Zhanye Consulting Co., Ltd	Business information consulting service	433 (RMB100,000)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	28	100.00%	28	732	-

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
$372,225 (USD 12,110,786)	$1,383,154 (USD 45,002,573)(Note 1)	$3,591,403 (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%.

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

(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 December 2023

Shares / Name	Ownership (Shares)	Ownership (%)
Jin Rong Investment Co., Ltd.	14,200,501	6.42%
Yuan Chi Investment, Ltd.	13,311,536	6.02%
Ko Li Te Investment Co., Ltd.	13,268,176	6.00%
Chin Yeh Investment Co., Ltd.	12,306,000	5.56%

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.

The Company has other operating departments that do not meet the quantitative threshold; they mainly engage in property leasing, 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.

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

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:

For the year ended 31 December 2023

	Gas Appliances Department	Kitchenware Department	B.V.I.	Other Departments	Adjustment and elimination	Total
Income						
Revenue from external customers	$4,980,871	$2,393,957	$-	$897,587	$-	$8,272,415
Inter-department income	328,135	-	-	-	(328,135)	-
Interest income	3,281	-	10,436	11,586	(767)	24,536
Total income	$5,312,287	$2,393,957	$10,436	$909,173	$(328,902)	$8,296,951
Interest expense	$2,916	$1,461	$26	$2,956	$(773)	$6,586
Depreciation and amortization	77,816	54,702	3,314	62,661	(212)	198,281
Investment (loss) gain	-	99,273	-	133,039	(140,706)	91,606
Department profit and loss	$1,261,273	$368,051	$93,540	$(208,264)	$(149,264)	$1,365,336
Long-term equity investment by equity method	$-	$1,317,206	$-	$2,327,930	$(2,557,151)	$1,087,985
Capital expenditure	34,084	29,182	-	189,046	-	252,312
Departmental assets	$2,459,705	$2,114,888	$1,681,187	$6,120,987	$(2,842,422)	$9,534,345
Department debt	$1,590,854	$822,917	$9,442	$1,196,530	$(123,236)	$3,496,507

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

For the year ended 31 December 2022

	Gas Appliances Department	Kitchenware Department	B.V.I.	Other Departments	Adjustment and elimination	Total
Income						
Revenue from external customers	$4,973,652	$2,138,570	$-	$1,100,640	$-	$8,212,862
Inter-department income	377,352	-	-	-	(377,352)	-
Interest income	2,278	-	4,217	7,580	-	14,075
Total income	$5,353,282	$2,138,570	$4,217	$1,108,220	$(377,352)	$8,226,937
Interest expense	$2,505	$864	$11	$1,913	$(399)	$4,894
Depreciation and amortization	59,575	45,142	1,386	59,918	7,116	173,137
Investment (loss) gain	-	-	96,351	120,871	(148,692)	68,530
Department profit and loss	$1,184,638	$257,263	$104,730	$(115,770)	$(157,028)	$1,273,833
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	-	60,492	-	98,957
Departmental assets	$2,277,787	$1,965,327	$1,641,495	$5,567,591	$(2,761,353)	$8,690,847
Department debt	$1,440,044	$718,302	$7,481	$904,893	$(102,354)	$2,968,366

(2) The reporting of each departments' revenue, profit and loss, assets, liabilities and other major items should be adjusted

In 2023 and 2022, 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	2023	2022
Taiwan	$7,760,597	$7,459,733
China (including HK)	319,715	535,973
Vietnam	137,422	137,639
Other regions	54,681	79,517
Total	$8,272,415	$8,212,862

Revenue is categorized based on the country in which the customer is located.

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

(b) Non-current assets:

Country	31 Dec. 2023	31 Dec. 2022
Taiwan	$3,053,280	$2,786,729
China (including HK)	1,110,486	1,106,240
Vietnam	6,664	9,285
Other regions	$4,170,430	$3,902,254

(4) Important customer information

The customers of the Group in 2023 and 2022 in which the sales of goods accounted for more than 10% of the income on the income statement were:

	2023		2022		
Customer	Sales amount	Percentage	Sales amount	Percentage	Department completed the sales
Company A	$1,427,564	17.26	$1,504,715	18.32	Gas Appliances Department
Company B	768,013	9.28	751,329	9.15	Gas Appliances Department

(Appendix II)

Taiwan Sakura Corporation

Parent Company Only Financial Statements
With Independent Auditors’ Report

For The Years Ended
31 December 2023 And 2022

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 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (together " the financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the Other Matter – Making Reference to the Audits of Other 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 2023 and 2022, and their financial performance and cash flows for the years ended 31 December 2023 and 2022, 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 Financial Statements Audit and Attestation Engagement of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of 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 the 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 judgment, were of most significance in our audit of 2023 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.

Revenue recognition

The Company recognized operating revenue of NT$7,590,743 thousand in 2023. 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 revenue 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 revenue transaction for a period of time before and after the balance sheet date to determine if that revenue was recognized at the appropriate timing. We also considered the appropriateness of the disclosure of operating revenue in Note 6 of the parent company only financial statements.

Other Matter – Making Reference to the Audits of Other 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 2023 and 2022 amounted to NT$1,087,985 thousand and NT$1,041,974 thousand, respectively, accounting for 11% and 12% of the total assets, respectively. For the years ended 31 December 2023 and 2022, the shares of profit and loss of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT$91,606 thousand and NT$68,530 thousand, respectively, accounting for 7% and 5% of the net income before tax, respectively. For the years ended 31 December 2023 and 2022, the shares of other comprehensive income of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT$(14,066) thousand and NT$11,885 thousand, respectively, accounting for (26)% and 22% 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 2023 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
13 March 2024

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 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Assets	Notes	As of 31 December 2023		31 December 2022	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$1,593,521	17	$1,341,046	16
1140	Contract assets, current	4, 6(16),(17)	224,779	3	183,142	2
1150	Notes receivable, net	4, 6(2),(17)	139,366	1	110,632	1
1170	Accounts receivable, net	4, 6(2),(17), 7	1,056,696	12	999,514	12
130X	Inventories	4, 6(3)	1,201,678	13	1,044,374	13
1410	Prepayment		79,248	1	42,019	1
1470	Other current assets		8,737	-	11,928	-
11XX	**Total current assets**		4,304,025	47	3,732,655	45
	Non-current assets					
1517	Financial assets measured at fair value through other comprehensive income, non-current	4, 6(4)	107,531	1	67,179	1
1550	Investment accounted for using equity method	4, 6(5)	2,310,502	26	2,268,001	27
1600	Property, plant and equipment	4, 6(6), 8	1,930,220	21	1,753,311	21
1755	Right-of-use assets	4, 6(18)	153,305	2	149,778	2
1760	Investment property, net	4, 6(7), 8	190,814	2	192,619	3
1780	Intangible assets	4, 6(8)	18,220	-	16,778	-
1840	Deferred income tax assets	4, 6(22)	27,005	-	25,189	-
1915	Prepayments for equipment		16,097	-	35,832	-
1900	Other non-current assets	4, 6(9)	109,816	1	108,963	1
15XX	**Total non-current assets**		4,863,510	53	4,617,650	55
1XXX	**Total assets**		$9,167,535	100	$8,350,305	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 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Liabilities and Equity	Notes	As of 31 December 2023		31 December 2022	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4, 6(10)	$602	-	$3,138	-
2130	Contract liabilities, current	4, 6(16)	193,684	2	110,312	1
2150	Notes payable		890	-	6,432	-
2170	Accounts payable	7	1,504,381	16	1,328,849	16
2200	Other payables	6(11),(13)	732,329	8	633,680	8
2230	Current income tax liabilities		252,964	3	232,427	3
2280	Leased liabilities, current	4, 6(18)	52,586	1	40,140	-
2320	Long-term loans payable, current portion	4, 6(12)	8,000	-	-	-
2399	Other current liabilities	4, 6(14)	39,747	1	43,423	1
21XX	**Total current liabilities**		2,785,183	31	2,398,401	29
	Non-current liabilities					
2540	Long-trem loans	4, 6(12)	112,000	1	-	-
2570	Deferred income tax liabilities	4, 6(22)	43,994	-	30,282	-
2580	Leased liabilities, non-current	4, 6(18)	160,671	2	173,882	2
2640	Net defined benefit liability, non-current	4, 6(13)	24,712	-	29,748	-
2600	Other non-current liabilities	6(14)	55,303	1	50,774	1
25XX	**Total non-current liabilities**		396,680	4	284,686	3
2XXX	**Total liabilities**		3,181,863	35	2,683,087	32
	Equity attributable to owners of parent	4, 6(15)				
3100	Capital					
3110	Common stock		2,211,212	24	2,211,212	26
3200	Additional paid-in capital		131,074	1	121,350	1
3300	Retained earnings					
3310	Legal reserve		939,528	10	830,964	10
3320	Special reserve		115,799	1	115,799	1
3350	Unappropriated earnings		2,585,864	28	2,437,651	30
	Total retained earnings		3,641,191	39	3,384,414	41
3400	Other components of equity					
3410	Exchange differences on translation of foreign operations		(126,385)	(1)	(108,057)	(1)
3420	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income		149,828	2	79,547	1
34XX	Total other components of equity		23,443	1	(28,510)	-
3500	Treasury stock		(21,248)	-	(21,248)	-
3XXX	**Total equity**		5,985,672	65	5,667,218	68
3X2X	**Total liabilities and equity**		$9,167,535	100	$8,350,305	100

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

			For the years ended 31 December			
		Notes	2023		2022	
			Amount	%	Amount	%
4000	**Operating revenues**	4, 6(16), 7	$7,590,743	100	$7,571,601	100
5000	**Operating costs**	6(3),(19), 7	(5,081,915)	(67)	(5,192,314)	(69)
5900	**Gross profit**		2,508,828	33	2,379,287	31
5910	Unrealized profit on sales		(1,459)	-	(2,319)	-
5920	Realized profit on sales		2,319	-	1,471	-
5950	Gross profit, net		2,509,688	33	2,378,439	31
6000	**Operating expenses**	6(17),(18),(19)				
6100	Selling and marketing expenses		(941,164)	(12)	(962,760)	(13)
6200	Management and administrative expenses		(305,640)	(4)	(274,377)	(3)
6300	Research and development expenses		(83,206)	(1)	(75,448)	(1)
6450	Expected credit gains		156	-	202	-
	Total operating expenses		(1,329,854)	(17)	(1,312,383)	(17)
6900	**Operating income**		1,179,834	16	1,066,056	14
7000	**Non-operating income and expenses**	6(18),(20)				
7100	Interest income		6,727	-	5,110	-
7010	Other income		31,751	-	31,527	-
7020	Other gains and losses		(6,992)	-	35,227	1
7050	Finance costs		(3,265)	-	(1,987)	-
7060	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	131,235	2	119,121	2
	Total non-operating income and expenses		159,456	2	188,998	3
7900	**Income from continuing operations before income tax**		1,339,290	18	1,255,054	17
7950	**Income tax expense**	6(22)	(267,086)	(4)	(236,114)	(3)
8200	**Income from continuing operations, net of tax**		1,072,204	14	1,018,940	14
8300	**Total other comprehensive income**	6(5),(21)				
8310	**Item that may not be reclassified subsequently to profit or loss**					
8311	Remeasurements of defined benefit plans		3,401	-	22,366	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		70,281	1	19,552	-
8349	Income tax related to items that may not be reclassified subsequently to profit or loss		(680)	-	(4,473)	-
8360	**Items that may be reclassified subsequently to profit or loss**					
8361	Exchange differences on translation of foreign operations		(8,843)	-	10,333	-
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		(14,066)	-	11,885	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss		4,581	-	(4,443)	-
	Total other comprehensive income (loss), net of tax		54,674	1	55,220	-
8500	**Total comprehensive income**		$1,126,878	15	$1,074,160	14
	Earnings per share (NT$)	6(23)				
9750	Earnings per share-basic		$4.90		$4.66	
9850	Earnings per share-diluted		$4.88		$4.64	

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings			Other components of equity			
	Notes	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	Total Equity
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
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						48,085		(48,085)		-
Balance as of 31 December 2022		$2,211,212	$121,350	$830,964	$115,799	$2,437,651	$(108,057)	$79,547	$(21,248)	$5,667,218
Balance as of 1 January 2023	4,6(15)	$2,211,212	$121,350	$830,964	$115,799	$2,437,651	$(108,057)	$79,547	$(21,248)	$5,667,218
Appropriation of earnings, 2022										
Legal reserve				108,564		(108,564)				-
Cash dividends						(818,148)				(818,148)
Donation from shareholders			1,166							1,166
Net income in 2023						1,072,204				1,072,204
Other comprehensive income (loss), net of income tax in 2023						2,721	(18,328)	70,281		54,674
Total comprehensive income (loss)		-	-	-	-	1,074,925	(18,328)	70,281	-	1,126,878
Adjustment due to dividends subsidiaries received from parent company			8,558							8,558
Balance as of 31 December 2023	4,6(15)	$2,211,212	$131,074	$939,528	$115,799	$2,585,864	$(126,385)	$149,828	$(21,248)	$5,985,672

(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 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
Cash flows from operating activities:		
Net income before tax	$1,339,290	$1,255,054
Adjustments:		
Adjustments to reconcile net income:		
Depreciation	117,007	97,336
Amortization	25,020	23,516
Expected credit gains	(156)	(202)
Interest expense	3,265	1,987
Interest income	(6,727)	(5,110)
Dividend income	(1,642)	(1,605)
Share of profit of subsidiaries associates and joint ventures accounted for using equity method	(131,235)	(119,121)
Loss (Gain) on disposal of property, plant and equipment	6,813	(302)
Gain on disposal of investment	(338)	(166)
Provision for inventory market price decline	(10,749)	-
Reversal of impairment loss on non-financial assets	-	(11,149)
Realized (gain) loss on inter-affiliate accounts	(860)	848
Changes in operating assets and liabilities:		
Increase in contract assets	(41,502)	(13,530)
Increase in notes receivable	(28,734)	(17,257)
(Increase) Decrease in accounts receivable	(57,161)	192,393
Increase in inventories	(146,555)	(185,399)
Increase in prepayment	(37,229)	(1,731)
Decrease in other current assets	1,489	226
Increase in other non-current assets	(15,660)	(75,272)
Increase in contract liabilities	83,372	4,667
(Decrease) Increase in notes payable	(5,542)	3,124
Increase (Decrease) in accounts payable	175,532	(36,659)
Increase in other payables	98,820	3,969
(Decrease) Increase in other current liabilities	(3,676)	2,547
(Decrease) Increase in net defined benefit liabilities	(632)	124
Increase in other non-current liabilities	4,529	7,234
Cash generated from operations	1,366,739	1,125,522
Interest received	7,174	5,267
Dividend received	1,642	1,605
Income tax paid	(229,698)	(223,254)
Net cash provdied by operating activities	1,145,857	909,140

(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 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended 31 December	
	2023	2022
(Continued)		
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	150,586
Acquisition of finacial assets measured at fair value through profit or loss	(150,000)	(150,000)
Proceeds from disposal of finacial assets measured at fair value through profit	150,338	150,166
Acquisition of investment accounted for using equity method	-	(100,000)
Acquisition of property, plant and equipment	(230,135)	(94,721)
Proceeds from disposal of property, plant and equipment	350	518
Increase in refundable deposits	(1,388)	(5,973)
Decrease in refundable deposits	1,205	315
Increase in intangible assets	(11,217)	(5,970)
Increase in prepayment for equipment	(1,853)	(17,156)
Dividends distributed by investment accounted for using equity method	104,370	72,566
Net cash (used in) provided by investing activities	(138,330)	331
Cash flows from financing activities:		
Increase in short-term loans	201,802	118,898
Decrease in short-term loans	(204,338)	(115,760)
Increase in long-term loans	120,000	-
Lease principal repayment	(54,936)	(30,015)
Cash dividend distribution	(818,148)	(796,036)
Interest paid	(598)	(274)
Capital surplus due to donation from shareholders	1,166	654
Net cash used in financing activities	(755,052)	(822,533)
Net increase in cash and cash equivalents	252,475	86,938
Cash and cash equivalents at beginning of period	1,341,046	1,254,108
Cash and cash equivalents at end of period	$1,593,521	$1,341,046

(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 2023 AND 2022
(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 2023 and 2022 were authorized for issue in accordance with the resolution of the Board of Directors' meeting on 13 March 2024.

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 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are endorsed by FSC, and 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

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

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 2024. The new or amended standards and interpretations have no material impact on the Company.

(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	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

(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 coverage 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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after 1 January 2025.

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. The Company determine the 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 2023 and 2022 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.

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 at 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 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.

(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.

(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.

(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.

<u>Financial assets measured at amortized cost</u>

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 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.

<u>Financial asset measured at fair value through other comprehensive income</u>

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 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.

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.

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.

At 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.

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 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.

(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.

(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”.

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.

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.

(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 equipment	8~11 years
Mold equipment	2~3 years
Transportation equipment	6~16 years
Office equipment	4~8 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 residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(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:

Item	Useful years
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.

(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:

(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.

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.

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.

<u>Patents</u>

The patents have been granted for a period of 10 years by the relevant government agency.

<u>Computer software</u>

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

<u>Trademark rights</u>

Trademark rights are amortized using the straight-line method over the 10-year period of validity.

A summary of the accounting 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 externally 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.

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.

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.

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.

(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 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 by 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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

(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.

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) 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.

(2) 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.

(3) 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.

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

(4) 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. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	31 Dec. 2023	31 Dec. 2022
Demand deposits	$1,517,459	$1,137,634
Time deposits	75,066	202,418
Cash on hand	996	994
Total	$1,593,521	$1,341,046

The Company's Time deposits were not pledged.

(2) Notes receivable and accounts receivable

	31 Dec. 2023	31 Dec. 2022
Notes receivable	$139,666	$110,632
Less: loss allowance	-	-
Notes receivable, net	139,666	110,632
Accounts receivable	987,176	953,282
Accounts receivable from related parties	63,397	40,547
Less: loss allowance	-	(21)
Subtotal	1,050,573	993,808
Finance lease receivable due from related parties	6,813	6,437
Less: unearned finance income on finance lease due from related parties	(690)	(767)
Subtotal	6,123	5,706
Accounts receivable, net	1,056,696	999,514
Total	$1,196,062	$1,110,146

Notes receivable and accounts receivable are generally on 30-90 day terms. The total carrying amount, including notes receivable and accounts receivable, as of 31 December 2023 and 2022 were $1,196,062 and $1,110,167, respectively. The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(17) for more details on loss allowance of accounts receivable for the periods ended 31 December 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

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

Please refer to Note 6(18) for for more details on finance lease receivable on Buildings signed by the Company.

The Company's Notes receivable and accounts receivables were not pledged.

(3) Inventories

	31 Dec. 2023	31 Dec. 2022
Raw materials	$339,152	$352,852
Finished goods	315,745	266,021
Commodity inventory	293,953	290,379
Work in progress	252,828	135,122
Total	$1,201,678	$1,044,374

The cost of inventories recognized in operating costs in 2023 and 2022 from 1 January to 31 December amounted to $5,081,915 and $5,192,314, respectively. The inventory-related loss and net income recognized in 2023 and 2022 were as follows:

	2023	2022
Revenue from sale of scraps	$3,502	$4,459
Loss on physical inventory	(835)	(2,724)
Obsolete inventory	(10,694)	(12,443)
Inventory valuation loss	(10,749)	-
Net	$(18,776)	$(10,708)

No inventories above were pledged.

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

	31 Dec. 2023	31 Dec. 2022
Equity instrument investments designated at fair value through other comprehensive income, non-current:		
Listed stocks	$93,534	$53,182
Unlisted stocks	13,997	13,997
Total	$107,531	$67,179

The financial assets measured at fair value through other comprehensive income were not pledged.

The Company did not dispose of its investment in equity instrument investments designated at fair value through other comprehensive income in 2023.

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

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 2022. And converted the unrealized gain accumulated at the time of disposal of $48,805 from other components of equity into retained earnings.

(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. 2023 Amount	31 Dec. 2023 % of ownership	31 Dec. 2022 Amount	31 Dec. 2022 % of ownership
Investment in subsidiaries:				
Sakura Enterprise (B.V.I.) Ltd.	$1,671,745	100.00%	$1,634,014	100.00%
Svago International Corporation	270,096	100.00%	230,135	100.00%
SAKURA Home Collection Co., Ltd.	53,371	100.00%	107,667	100.00%
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD.	96,390	100.00%	100,870	100.00%
Subtotal	2,091,602		2,072,686	
Investment in associates:				
PUDA Industrial Co., Ltd.	218,900	43.19%	195,315	43.19%
Total	$2,310,502		$2,268,001	

The Company invested $100,000 in SAKURA Home Collection Co., Ltd. in cash in 2022.

The investment on subsidiary's parent company only financial report is expressed as “investment using the equity method” and is evaluated as necessary.

(b) The investment benefit and conversion adjustments recognized by the equity method in the financial statements audited by the investee company in 2023 and 2022 are as follows:

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

	2023		2022	
Investees	Share of profit or loss of subsidiaries associates and joint ventures	Exchange differences resulting from translation of the financial statements	Share of profit or loss of subsidiaries associates and joint ventures	Exchange differences resulting from translation of the financial statements
Investment in subsidiaries:				
Sakura Enterprise (B.V.I.) Ltd.	$93,250	$(22,909)	$104,441	$18,905
Svago International Corporation	72,374	-	70,822	-
SAKURA Home Collection Co., Ltd.	(54,296)	-	(50,134)	-
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD.	(4,480)	-	(9,433)	3,313
Subtotal	106,848	(22,909)	115,696	22,218
Investment in associates:				
PUDA Industrial Co., Ltd.	24,387	-	3,425	-
Total	$131,235	$(22,909)	$119,121	$22,218

(c) The investment in associates 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:

	2023	2022
Profit from continuing operations	$24,387	$3,425
Other comprehensive income, net of tax	(802)	2,484
Total comprehensive income	$23,585	$5,909

The investment in associates mentioned above did not have contingent liabilities or capital commitments as of 31 December 2023 and 2022, and no pledge was provided.

(6) Property, plant and equipment

	31 Dec. 2023	31 Dec. 2022
Owner occupied property, plant and equipment	$1,930,220	$1,753,311

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

(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. 2023	$1,314,864	$583,848	$304,109	$170,803	$58,645	$43,881	$77,275	$15,171	$2,568,596
Additions	-	2,383	15,326	16,398	1,642	3,622	25,655	165,109	230,135
Disposals	-	(159,681)	(86,262)	(133,484)	(36,775)	(31,171)	(39,679)	(3,566)	(490,618)
Other changes	-	390	12,765	7,597	1,300	-	2,436	(1,855)	22,633
31 Dec. 2023	$1,314,864	$426,940	$245,938	$61,314	$24,812	$16,332	$65,687	$174,859	$2,330,746
Depreciation and impairment:									
1 Jan. 2023	$-	$338,410	$180,471	$155,413	$46,724	$35,822	$58,175	$-	$815,285
Depreciation	-	14,099	27,341	13,964	3,977	3,252	6,063	-	68,696
Disposals	-	(156,084)	(86,262)	(133,484)	(36,775)	(31,171)	(39,679)	-	(483,455)
31 Dec. 2023	$-	$196,425	$121,820	$35,893	$13,926	$7,903	$24,559	$-	$400,526
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	$1,314,864	$583,848	$304,109	$170,803	$58,645	$43,881	$77,275	$15,171	$2,568,596
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	$-	$338,410	$180,741	$155,413	$46,724	$35,822	$58,175	$-	$815,285
Net carrying amount:									
31 Dec. 2023	$1,314,864	$230,515	$124,118	$25,421	$10,886	$8,429	$41,128	$174,859	$1,930,220
31 Dec. 2022	$1,314,864	$245,438	$123,368	$15,390	$11,921	$8,059	$19,100	$15,171	$1,753,311

(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.

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

(d) The Company owned land in the amount of $77,167 and $278,658 in 2023 and 2022 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 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. 2023	$164,203	$108,383	$272,586
Disposal	-	(29,607)	(29,607)
As of 31 Dec. 2023	$164,203	$78,776	$242,979
Depreciation and impairment:			
As of 1 Jan. 2023	$2,611	$77,356	$79,967
Current period depreciation	-	1,805	1,805
Disposal	-	(29,607)	(29,607)
As of 31 Dec. 2023	$2,611	$49,554	$52,165
Cost:			
As of 1 Jan. 2022	$164,203	$108,383	$272,586
As of 31 Dec. 2022	$164,203	$108,383	$272,586
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	$2,611	$77,356	$79,967
Net carrying amount:			
As of 31 Dec. 2023	$161,592	$29,222	$190,814
As of 31 Dec. 2022	$161,592	$31,027	$192,619

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

	2023	2022
Rental income from investment property	$4,842	$4,842
Less:		
Direct operating expenses from investment property generating rental income	(1,692)	(1,849)
Direct operating expenses from investment property not generating rental income	(291)	(303)
Total	$2,859	$2,690

For investment property pledge, please refer to Note 8.

Investment properties held by the Company are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of the Company's investment property both amounted to NT$369,714 as of 31 December 2023 and 2022. The fair value of investment property as of 31 December 2023 was determined by the Company's management using the comparative method and with reference to transaction prices in nearby locations. The fair value as of 31 December 2022 was evaluated by an independent external appraisal expert, using the cost method to evaluate the price of land, and the comparative method to evaluate the price of buildings.

(8) Intangible assets

	Patent rights	Trademark rights	Computer software cost	Total
Cost:				
As of 1 Jan.2023	$7,033	$8,763	$30,336	$46,132
Addition				
- acquired separately	650	644	9,923	11,217
Disposal	(1,868)	(918)	(21,915)	(24,701)
Other changes	-	-	59	59
As of 31 Dec. 2023	$5,815	$8,489	$18,403	$32,707
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	$7,033	$8,763	$30,336	$46,132

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

	Patent rights	Trademark rights	Computer software cost	Total
Amortization and impairment:				
As of 1 Jan.2023	$4,279	$4,856	$20,219	$29,354
Amortization	706	713	8,415	9,834
Disposal	(1,868)	(918)	(21,915)	(24,701)
As of 31 Dec. 2023	$3,117	$4,651	$6,719	$14,487
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	$4,279	$4,856	$20,219	$29,354
Net carrying amount:				
As of 31 Dec. 2023	$2,698	$3,838	$11,684	$18,220
As of 31 Dec. 2022	$2,754	$3,907	$10,117	$16,778

The amortized amount of recognized intangible assets is as follows:

	2023	2022
Operating expenses	$9,834	$10,562

(9) Other non-current assets

	31 Dec. 2023	31 Dec. 2022
Long-term finance lease receivable due from related parties	$52,201	$59,013
Less: unearned finance income on long-term finance lease due from related parties	(2,485)	(3,175)
Subtotal	49,716	55,838
Other deferred charges	41,282	34,490
Other non-current assets - other	18,818	18,635
Total	$109,816	$108,963

The Company's other non-current assets were not pledged.

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

(10) Short-term loans

	31 Dec. 2023	31 Dec. 2022
Unsecured bank loan	$602	$3,138

	31 Dec. 2023	31 Dec. 2022
Interest rates (%)	3.991%	3.570%

The Company's unused short-term lines of credits, including credit loans and secured loans, amounted to $480,398 and $476,862 as of 31 December 2023 and 2022, respectively, among which the secured loans were not drawn.

(11) Other payables

	31 Dec. 2023	31 Dec. 2022
Accrued salary and bonus	$319,810	$287,863
Payables on promotion fee	96,750	111,181
Accrued employees' compensation and directors' remuneration	69,007	64,666
Payables on advertisement	56,857	49,327
Other payables - others	189,905	120,643
Total	$732,329	$633,680

(12) Long-term loans

Details of long-term loans as of 31 December 2023 are as follows:

Lenders	As of 31 Dec. 2023	Interest Rate (%)	Maturity date and terms of repayment
Bank of Taiwan - Secured loans	$120,000	1.71%	Repayable from 1 December 2023 to 1 December 2038, and amortized from 1 January 2024, in 180 installments with one installment per month.
Subtotal	120,000		
Less: current portion	(8,000)		
Total	$112,000		

The Company did not have any long-term loans as of 31 December 2022.

Please refer to Note 8 for the above loans under pledge.

(13) 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 2023 and 2022 were $24,694 and $23,388, respectively.

Defined benefits plan

The Company adopts 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 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 2023.

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

As of 31 December 2023 and 2022, the Company's defined benefit plans are expected to expire in 2029.

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

	2023	2022
Current period service cost	$782	$1,051
Net defined interest on benefit liabilities	362	242
Total	$1,144	$1,293

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

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Defined benefit obligation	$167,537	$175,829	$194,053
Plan assets at fair value	(142,730)	(145,974)	(145,038)
Contribution status	24,807	29,855	49,015
Other payables due within one year	(95)	(107)	(130)
Net defined benefit liabilities - non-current	$24,712	$29,748	$48,885

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. 2022	$194,053	$(145,038)	$49,015
Current period service costs	1,051	-	1,051
Interest expense (income)	970	(728)	242
Subtotal	196,074	(145,766)	50,308
Remeasurements of the net defined benefit liability (asset):			
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	(6,913)	(12,348)	(19,261)
Payments from the plan	(13,332)	13,332	-
Contributions by employer	-	(1,192)	(1,192)
As of 31 Dec. 2022	175,829	(145,974)	29,855
Current service costs	782	-	782
Interest expense (income)	2,198	(1,836)	362
Subtotal	178,809	(147,810)	30,999

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Remeasurements of the net defined benefit liability (asset):			
Experience adjustments	(3,095)	-	(3,095)
Loss of the planned asset remuneration	-	(1,310)	(1,310)
Subtotal	(3,095)	(1,310)	(4,405)
Payments from the plan	(8,177)	8,177	-
Contributions by employer	-	(1,787)	(1,787)
As of 31 Dec. 2023	$167,537	$(142,730)	$24,807

The principal actuarial assumptions used were as follows:

	31 Dec. 2023	31 Dec. 2022
Discount rate	1.25%	1.25%
Future salary increase rate	2.75%	2.75%

Sensitivity analysis for significant assumption are shown below:

	2023		2022	
	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%	$-	$2,692	$-	$3,248
Discount rate decreased by 0.5%	2,833	-	3,429	-
Future salary increased by 1%	5,668	-	6,925	-
Future salary decreased by 1%	-	5,228	-	6,349

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.

(14) Provisions

	Warranties
As of 1 Jan. 2023	$70,425
Addition - others	25,164
Utilized	(21,430)
As of 31 Dec. 2023	$74,159

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

	Warranties
Current - 31 Dec. 2023	$19,275
Non-current - 31 Dec. 2023	54,884
As of 31 Dec. 2023	$74,159
As of 1 Jan. 2022	$60,671
Addition - others	38,445
Utilized	(28,691)
As of 31 Dec. 2022	$70,425
Current - 31 Dec. 2022	$20,071
Non-current - 31 Dec. 2022	50,354
As of 31 Dec. 2022	$70,425

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.

(15) 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 2023 and 2022. 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

	31 Dec. 2023	31 Dec. 2022
Treasury stock transactions	$67,544	$58,986
Premium issuance	47,959	47,959
Donated assets received	14,410	13,244
Changes in the net value of associates and joint venture equity using the equity method	1,161	1,161
Total	$131,074	$121,350

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 2023 and 2022, the fair value of the treasury stock held by the Company’s subsidiary, Svago International Corporation, was $160,749 and $143,633, 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.

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

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.

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 2023 and 1 January 2022. In addition, the Company did not use, dispose or reclassify the relevant assets from 1 January to 31 December 2023 and 2022, and thus revolved the special surplus reserve to the undistributed surplus. As of 31 December 2023 and 2022, the special surplus reserve amount for the first adoption was $115,799.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of directors’ meeting and shareholders’ meeting on 13 March 2024 and 21 June 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$107,492	$108,564		
Cash dividend				
- common stock (Note)	857,950	818,148	$3.88	$3.70

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

Note : The Company was authorized according to the Articles of Association and passed by special resolution on 13 March , 2024 and 10 May ,2023, the proposal to distribute common share cash dividends of 2023 and 2022.

Please refer to Note 6(19) for relevant information on the estimation basis and amount for employees' compensation and remuneration to directors.

(16) Operating revenue

	2023	2022
Revenue from contracts with customers - Sale of goods	$7,590,743	$7,571,601

Analysis of revenue from contracts with customers during the periods ended 31 December 2023 and 2022 are as follows:

(a) Disaggregation of revenue

For the year ended 31 December 2023:

	Gas appliances division	Kitchenware division	Other divisions	Total
Sale of goods	$4,582,250	$2,393,957	$614,536	$7,590,743
Timing of revenue recognition:				
At a point in time	$4,582,250	$2,393,957	$614,536	$7,590,743
Over time	-	-	-	-
Total	$4,582,250	$2,393,957	$614,536	$7,590,743

For the year ended 31 December 2022:

	Gas appliances division	Kitchenware division	Other divisions	Total
Sale of goods	$4,613,074	$2,138,570	$819,957	$7,571,601
Timing of revenue recognition:				
At a point in time	$4,613,074	$2,138,570	$819,957	$7,571,601
Over time	-	-	-	-
Total	$4,613,074	$2,138,570	$819,957	$7,571,601

(b) Contract balances

A. Contract assets - current

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Sale of goods	$224,779	$183,142	$169,648

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

The significant changes in the Company's balances of contract assets during the periods ended 31 December 2023 and 2022 are as follows:

	31 Dec. 2023	31 Dec. 2022
The opening balance transferred to trade receivables	$(183,142)	$(169,648)
Fulfilling performance obligations without achieving the unconditional collection	224,779	183,142
Changes during the period	$41,637	$13,494

B. Contract liabilities - current

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Sales of goods	$193,684	$110,312	$105,645

The significant changes in the Company's balances of contract liabilities for the year ended 31 December 2023 and 2022 are as follows:

	31 Dec. 2023	31 Dec. 2022
The opening balance transferred to revenue	$(110,312)	$(105,645)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	193,684	110,312
Changes during the period	$83,372	$4,667

(c) Transaction price allocated to unfulfilled performance obligations

None.

(d) Assets recognized from costs to fulfil a contract

None.

(17) Expected credit (gains) losses

	2023	2022
Operating expenses – Expected credit (gains) losses		
Contract assets	$(135)	$36
Other receivable	-	-
Notes receivable	-	-
Finance lease receivable	-	-
Accounts receivable	(21)	(238)
Total	$(156)	$(202)

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

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

The loss allowances of the Company's contract assets and receivables (including notes receivable and accounts receivable) were measured at lifetime expected credit loss. The assessment of the Company’s loss allowance for the year ended 31 December 2023 and 2022 is as follows:

(a) The total carrying amounts of the contract assets were $224,840 and $183,338, respectively. The amounts of the allowance loss were $61 and $196, 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 2023

		Days of overdue			
	Not yet due (Note)	Over a year	Over two years	Over three years	Total
Gross carrying amount	$1,196,062	$-	$-	$-	$1,196,062
Loss ratio	-	70%	90%	100%	
Lifetime expected credit losses	-	-	-	-	-
Carrying amount	$1,196,062	$-	$-	$-	$1,196,062

As of 31 December 2022

		Days of overdue			
	Not yet due (Note)	Over a year	Over two years	Over three years	Total
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

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.

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

The movement in the provision for impairment of contract assets, notes receivable, accounts receivable and other receivables during the ended 31 December 2023 and 2022 is as follows:

	Contract assets	Notes receivable	Accounts receivable	Finance lease receivable	Other receivables	Total
As of 1 Jan. 2023	$196	$-	$21	$-	$2,571	$2,788
Addition (reversal) for the current year	(135)	-	(21)	-	-	(156)
Write off	-	-	-	-	(545)	(545)
As of 31 Dec. 2023	$61	$-	$-	$-	$2,026	$2,087
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

(18) Leases

(1) Company 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. 2023	$175,406	$3,876	$10,536	$189,818
Addition	47,269	4,064	-	51,333
Disposal	(744)	-	-	(744)
Other changes(Note 1)	-	(2,602)	-	(2,602)
31 Dec. 2023	$221,931	$5,338	$10,536	$237,805

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

	Buildings	Transportation equipment	Land improvement	Total
Depreciation:				
1 Jan. 2023	$34,375	$1,691	$3,974	$40,040
Depreciation	43,432	1,159	1,915	46,506
Disposal	(744)	-	-	(744)
Other changes(Note 1)	-	(1,302)	-	(1,302)
31 Dec. 2023	$77,063	$1,548	$5,889	$84,500
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 2)	(62,266)	-	-	(62,266)
31 Dec. 2022	$175,406	$3,876	$10,536	$189,818
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	$34,375	$1,691	$3,974	$40,040
Net carrying amount:				
31 Dec. 2023	$144,868	$3,790	$4,647	$153,305
31 Dec. 2022	$141,031	$2,185	$6,562	$149,778

Note 1: Other changes were due to the reclassification as transportation equipment.

Note 2: Other changes are caused by subleasing of the plant, please refer to Note 6, 18. (2).

During the year ended 31 December 2023 and 2022, the Company’s additions to right-of-use assets amounted to $51,333 and $187,178, respectively.

b. Lease liabilities

	31 Dec. 2023	31 Dec. 2022
Lease liabilities		
Current	$52,586	$40,140
Non-current	160,671	173,882
Total	$213,257	$214,022

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

Please refer to Note 6(20)(d) for the interest on lease liabilities recognized during the period ended 31 December 2023 and 2022 and refer to Note 12(5) - liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2023 and 2022.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2023	2022
Buildings	$43,432	$27,332
Land improvement	1,195	1,858
Transportation equipment	1,159	993
Total	$46,506	$30,183

C. Income and costs relating to leasing activities

	2023	2022
The expenses relating to short-term leases	2,035	$2,759

D. Cash outflow relating to leasing activities

During the year ended 31 December 2023 and 2022, the Company’s total cash out-flows for leases amounted to $56,971 and $32,774, 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.

	2023	2022
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.

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

The Company has entered finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2023 and 2022 are as follows:

	31 Dec. 2023	31 Dec. 2022
No later than one year	$6,813	$6,472
Later than one year but no later than two years	6,955	6,813
Later than two years but no later than three years	6,955	6,955
Later than three years but no later than four years	6,955	6,955
Later than four years but no later than five years	6,955	6,955
Later than five years	24,381	31,336
Undiscounted lease payments	59,014	65,486
Less: Unearned finance income to finance leases	(3,175)	(3,942)
Net investment in the lease (Finance lease receivables)	$55,839	$61,544
Current (Booked under accounts receivable)	$6,123	$5,706
Non-current (Booked under other non-current assets)	$49,716	$55,838

(19) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function / Nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$319,099	$549,304	$868,403	$319,346	$490,676	$810,022
Labor and health insurance	28,728	42,170	70,898	25,576	40,491	66,067
Pension	8,610	17,228	25,838	8,019	16,662	24,681
Directors' remuneration	-	43,336	43,336	-	42,745	42,745
Other employee benefits expense	12,270	19,732	32,002	12,272	19,336	31,608
Depreciation	78,108	38,899	117,007	62,550	34,786	97,336
Amortization	6,093	18,927	25,020	7,285	16,231	23,516

As of 31 December 2023 and 2022, the Company had 1,078 and 1,058 employees, respectively, including 6 directors who were non-employee directors.

For the years ended 31 December 2023 and 2022, the average employee benefit expenses were $930 and $886, respectively.

For the years ended 31 December 2023 and 2022, the average employee salaries were $810 and $770, respectively, and the average employee salaries adjustment changes were 5.2%.

The Company established an audit committee to replace the supervisor on 24 June 2019, thus, there is no supervisor's remuneration for the years ended 31 December 2023 and 2022.

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.

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

For the year ended 31 December 2023, employees' compensation and remuneration to the directors were accrued at $42,249 and $26,758, 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 to the directors in 2022 were $39,592 and $25,074, respectively, which were consistent with the estimated amount recognized in the 2022 financial statements.

(20) Non-operating income and expenses

(a) Interest income

	2023	2022
Interest income		
Financial assets measured at amortized cost	$5,960	$4,715
Finance lease receivable	767	395
Total	$6,727	$5,110

(b) Other income

	2023	2022
Rental income	$5,077	$5,077
Dividend income	1,642	1,605
Other income	25,032	24,845
Total	$31,751	$31,527

(c) Other gains and losses

	2023	2022
Foreign exchange gains, net	$3,931	$28,244
Gains on disposal of investment	338	166
Gains on reversal of impairment loss	-	11,149
(Losses) Gains on disposal of property, plant and equipment	(6,813)	302
Other losses - others	(4,448)	(4,634)
Total	$(6,992)	$35,227

(d) Finance costs

	2023	2022
Interest on lease liabilities	$2,838	$1,713
Interest on loans from bank	427	274
Total	$3,265	$1,987

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

(21) Components of other comprehensive income

For the year ended 31 December 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive (loss) income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$3,401	$-	$3,401	$(680)	$2,721
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	70,281	-	70,281	-	70,281
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(8,843)	-	(8,843)	1,768	(7,075)
Share of gain (loss) of associates and joint ventures accounted for using equity method through other comprehensive income	(14,066)	-	(14,066)	2,813	(11,253)
Total other comprehensive income	$50,773	$-	$50,773	$3,901	$54,674

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

For the year ended 31 December 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive loss	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 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	$64,136	$-	$64,136	$(8,916)	$55,220

(21) Income tax

Components of the income tax expenses (income):

(a) Income tax expense recognized in profit or loss:

	2023	2022
Current income tax expense (income):		
Current income tax charge	$251,901	$225,580
Undistributed surplus for income tax	4,342	3,126
Adjustments in respect of current income tax of prior periods	(4,752)	6,395
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	15,595	1,013
Total income tax expense	$267,086	$236,114

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

(b) Income tax relating to components of other comprehensive income

	2023	2022
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$680	$4,473
Exchange differences on translation of foreign operations	(1,768)	2,066
Share of loss of associates and joint ventures accounted for using equity method through other comprehensive income	(2,813)	2,377
Income tax relating to components of other comprehensive income	$(3,901)	$8,916

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	2023	2022
Accounting profit before tax from continuing operations	$1,339,290	$1,225,054
Tax at the domestic rates applicable to profits in the country concerned	$267,858	$251,011
Income tax effects of deferred income tax assets and liabilities	19,855	-
Undistributed surplus for income tax	4,342	3,126
Income tax effects of non-deductible expenses on tax returns	4	239
Adjustments in respect of current income tax of prior periods	(4,752)	6,395
Income tax effects of tax-exempt income	(20,221)	(24,657)
Total income tax expense	$267,086	$236,114

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

(d) Amounts of deferred tax assets (liabilities):

For the year ended 31 December 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized exchange gain or loss	$(1,153)	$992	$-	$(161)
Allowance for sales discounts	2,014	671	-	2,685
Unrealized inventory valuation loss	(570)	2,150	-	1,580
Impairment of investment property	2,731	-	-	2,731
Investment using the equity method	(148)	(19,855)	-	(20,030)
Unrealized gain on inter-affiliate accounts	464	(172)	-	292
Provision for warranties	14,085	747	-	14,832
Net defined benefit liability	5,895	(128)	(882)	4,885
Unrealized exchange profit or loss	(28,411)	-	4,581	(23,830)
Deferred income tax expense		$(15,595)	$3,699	
Net deferred income tax liabilities	$(5,039)			$(16,989)
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$25,189			$27,005
Deferred income tax liabilities	(30,282)			$(43,994)

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 inventory valuation loss	(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 tax expense		$(1,013)	$(8,295)	
Net deferred income tax assets (liabilities)	$4,215			$(5,093)
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$28,901			$25,189
Deferred income tax liabilities	$(24,686)			$(30,282)

(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 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 to $35,059. As of 31 December 2023 and 2022, deferred income tax liabilities that both were recognized amounted to $23,127, and deferred income tax liabilities that both were not recognized amounted to $152,893, respectively.

(f) The assessment of income tax returns

As of 31 December 2023, the assessment returns of income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved through 2021

(23) 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.

	2023	2022
(a) Basic earnings per share		
Net profit attributable to ordinary stockholders (in NT$ thousands)	$1,072,204	$1,018,940
Weighted average number of ordinary shares outstanding (in thousands)	218,808	218,808
Basic earnings per share (NT$)	$4.90	$4.66

	2023	2022
(b) Diluted earnings per share		
Net profit attributable to ordinary stockholders (in NT$ thousands)	$1,072,204	$1,018,940
Net profit after adjusting the dilution effect (in thousands)	$1,072,204	$1,018,940
Weighted average number of ordinary shares outstanding (in thousands)	218,808	218,808
Effect of dilution:		
Employee compensation - stock (in thousands)	827	849
Weighted average number of ordinary shares outstanding after dilution (in thousands)	219,635	219,657
Diluted earnings per share (NT$)	$4.88	$4.64

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

Name of the related parties	Nature of relationship of the related parties
Svago International Corporation (hereinafter referred to as Svago)	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 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
Sakura Cultural and Educational Foundation	Substantive related party

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

Significant transactions and balances with related parties

(a) Sales

	2023	2022
First-tier subsidiary	$325,498	$374,493
Second-tier subsidiary	1,153	1,063
Total	$326,651	$375,556

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.

(b) Purchases

	2023	2022
Subsidiary of the invested company evaluated by the equity method	$21,778	$23,049
Invested company evaluated by equity methed	15,401	16,449
First-tier subsidiary	1,484	1,800
Total	$38,663	$41,298

The terms of purchases and payment of the Company from related parties is not significantly different from any third parties.

(c) Accounts receivable

	31 Dec. 2023	31 Dec. 2022
First-tier subsidiary	$62,845	$39,482
Second-tier subsidiary	552	1,063
Total	$63,397	$40,545

(d) Finance lease receivable (Current and Non-Current)

	31 Dec. 2023	31 Dec. 2022
First-tier subsidiary	$55,839	$61,544

(e) Accounts payable

	31 Dec. 2023	31 Dec. 2022
Invested company evaluated by equity method	$3,230	$2,812
Subsidiary of the invested company evaluated by the equity method	3,088	2,412
First-tier subsidiary	12	-
Total	$6,330	$5,224

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

(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

	2023	2022
Short-term employee benefits	$103,226	$95,880
Post-employment benefits	756	685
Total	$103,982	$96,565

(h) Donation expenses

	2023	2022
Sakura Cultural and Educational Foundation	$3,000	$1,000

8. PLEDGED ASSETS

The following table lists assets of the Company pledged as collateral for bank loans:

	Carrying amount	
Item	31 Dec. 2023	31 Dec. 2022
Property, plant and equipment	$867,443	$878,518
Investment property, land	80,484	80,484
Investment property, buildings	17,915	19,269
Total	$965,842	$978,271

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of 31 December 2023, the Company's unused letters of credit amounted to CN$6,854,031.

(2) As of 31 December 2023, the Company's remaining balance due to construction in progress and loans was $241,240.

(3) Information about endorsement and guarantee to others as of 31 December 2023, please refer to Note 13(1)(b).

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

(4) The Company's major contracts and related payments with constructors and engineering companies are as follows:

Name of Construction	Contract price (tax included)	Amount paid	Outstanding amount
Factory construction of the Wufeng Plant	$540,000	$95,040	$444,960

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Financial instruments

Financial assets

	31 Dec. 2023	31 Dec. 2022
Financial assets at fair value through profit or loss		
Financial assets at fair value through other comprehensive income	$107,531	$67,179
Financial assets measured at amortized cost		
Cash and cash equivalents	1,593,521	1,341,046
Contract assets - current	224,779	183,142
Notes receivable	139,366	110,632
Accounts receivable (excluding finance lease receivable)	1,050,573	993,808
Finance lease receivable (including current and non-current)	55,839	61,544

Financial liabilities

	31 Dec. 2023	31 Dec. 2022
Financial liabilities at amortized cost		
Short-term loans	$602	$3,138
Contract liability - current	193,684	110,312
Notes payable	890	6,432
Accounts payable	1,504,381	1,328,849
Other payables	732,329	633,680
Lease liabilities (including current and non-current)	213,257	214,022
Long-term loans (including current portion with maturity less than 1 year)	120,000	-

(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.

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 US$ and CN$. 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 2023 and 2022 from 1 January to 31 December is increased by $938 and $1,330, respectively. The equity is decreased by $7,969 and $7,765, 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 2023 and 2022 from 1 January to 31 December is increased by $(1,408) and $354, respectively. The equity is decreased by $772 and $702, 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.

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 $935 and $532, respectively, from 1 January to 31 December 2023 and 2022.

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 Company is exposed to credit risk from operating activities (primarily for contract assets, accounts receivable and notes receivable) 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 2023 and 2022, amounts receivable from top ten customers represented 35.25% and 35.67% 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.

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

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. 2023					
Short-term loans	$602	$-	$-	$-	$602
Notes and accounts payable	1,505,271	-	-	-	1,505,271
Other payables	732,329	-	-	-	732,329
Long-term loans	9,989	19,568	19,021	86,897	135,475
Lease liabilities	55,022	67,681	38,975	60,701	222,379
As of 31 Dec. 2022					
Short-term loans	$3,138	$-	$-	$-	$3,138
Notes and accounts payable	1,335,281	-	-	-	1,335,281
Other payables	633,680	-	-	-	633,680
Lease liabilities	42,619	64,584	39,993	77,685	224,881

(6) Reconciliation of liabilities from financing activities

Information on the reconciliation of liabilities from 1 January to 31 December 2023:

	Short-term loans	Lease liabilities	Long-term loans (including current portion)	Total
As of 1 Jan. 2023	$3,138	$214,022	$-	$217,160
Non-cash changes	-	54,171	-	54,171
Cash flows	(2,536)	(54,936)	120,000	62,528
As of 31 Dec. 2023	$602	$213,257	$120,000	$333,859

Information on the reconciliation of liabilities from 1 January to 31 December 2022:

	Short-term loans	Lease liabilities	Long-term loans (including current portion)	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	$3,138	$214,022	$-	$217,160

(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. Fair value of bank loans 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 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 2023 and 31 December 2022.

(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 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 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:

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

As of 31 Dec. 2023

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Equity instruments measured at fair value through other comprehensive gains and losses	$93,534	$-	$13,997	$107,531

As of 31 Dec. 2022

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Equity instruments measured at fair value through other comprehensive gains and losses	$53,182	$-	$13,997	$67,179

Transfer between level 1 and level 2 during the period

During the year of 2023 and 2022, 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 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 income
	Stock
As of 1 January 2023	$13,997
Total gains and losses recognized in 2023:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive income”)	-
As of 31 December 2023	$13,997

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

	Assets
	Financial assets measured at fair value through other comprehensive income
	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 income")	-
As of 31 December 2022	$13,997

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 2023:

	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.

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

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.

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 or re-assessed 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. 2023

	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. 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

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

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: thousands

	31 Dec. 2023			31 Dec. 2022		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Financial assets						
Monetary item						
US$	$3,312	30.7350	$101,794	$4,667	30.7080	$143,314
CN$	23,415	4.3338	101,476	44,873	4.4175	198,226
Financial liabilities						
Monetary item						
US$	$260	30.7350	$7,991	$335	30.7080	$10,287
CN$	55,906	4.3338	242,285	36,859	4.4175	162,825

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 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 of the Company in the year of 2023 and 2022 were $3,931 and $28,244, 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.

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

(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. 2023 (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	$2,094,985	$30,000	$30,000	$-	$-	0.50%	$2,094,985	Y	N	N
0	Taiwan Sakura Corporation	SAKURA Home Collection Co., Ltd.	Parent company and subsidiary	2,094,985	230,000	95,000	35,000	-	1.59%	2,094,985	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 2023.

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	Note
Taiwan Sakura Corporation	Stock	Sakura Development Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income - non-current	1,932,517	$93,534	-	$93,534	
Taiwan Sakura Corporation	〃	Han Sen 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 Corp.	-	〃	130	-	-	-	
				Total		$107,531		$107,531	

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

(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:

Company Name	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counterparty	Nature of Relationships	Prior Transaction of Related Counterparty				Price Reference	Purpose and Usage of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Taiwan Sakura Corporation	New construction of factory	10 March 2023	$540,000	According to the contract	Enrich Tech Co., Ltd.	-	Not applicable				Price comparison and negotiation	For production and operation	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	$324,218	4.3%	3 months after monthly-closing	Product standard cost plus 5%	Regular	$46,065	3.9%	

(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.

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

(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. 2023			Investee company's current (loss) profit	Investment (loss) income recognized by the Company	Note
				Balance as of 31 Dec. 2023	Balance as of 31 Dec. 2022	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%	$218,900	$56,464	$24,387	
Taiwan Sakura Corporation	Sakura Enterprise (B.V.I.) Ltd.	Portcullis Chambers,4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town , Tortola, British Virgin Islands VG1110.	Investment company	223,903	223,903	17,153,171	100.00%	1,671,745	93,250	93,250	
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%	270,096	72,374	73,234	NOTE1
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	250,000	25,000,000	100.00%	53,371	(54,296)	(54,296)	
Taiwan Sakura Corporation	SAKURA PAN PACFIC 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%	96,390	(4,480)	(4,480)	

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

Investor	Investee	Location	Main business items	Initial investment amount		Shares held as of 31 Dec. 2023			Investee company's current (loss) profit	Investment (loss) income recognized by the Company	Note
				Balance as of 31 Dec. 2023	Balance as of 31 Dec. 2022	Number of shares	Ownership (%)	Book value			
Sakura Enterprise (B.V.I.) Ltd.	SAKURA (CAYMAN) CO., LTD.	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Raod, Grand Cayman, KY1-1205, Cayman Islands.	Investment company	USD 5,850,000	USD 5,850,000	5,850,000	45.00%	796,884	135,333	60,900	NOTE2
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE.LTD.	Mekong Trading Corporation	No. 30 Tra Luong Street, Ward 2, Tan Binh District, Ho Chi Minh City	Manufacturing and trading of gas equipment and parts	USD 2,837,166	USD 2,837,166	2,028,000	54.99%	63,498	236	(3,783)	NOTE3

NOTE1: Gains and losses on investment include the adjustment of the downstream unrealized gross profit.

NOTE2: The current profit or loss of SAKURA (CAYMAN) CO., LTD. included investment income from Sakura Kitchen (China) Co., Ltd. accounted for using equity method.

NOTE3: The investment income from the investees recognized for the current period included the adjustment of the downstream unrealized gross profit and amortization of premium.

(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. 2023	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	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	$216,066	$104,646	$104,646	$-	$-	24.22%	$518,558	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. 2023

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

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 income	2,312,932	$160,749	-	$160,749	
Stock	Sakura Development Co., Ltd.	-	〃	1,433,289	69,371	-	69,371	
Stock	Taichung International Recreation	-	〃	1	1,735	0.03%	1,735	
			Total		$231,855		$231,855	

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	$324,218	67.80%	3 months after monthly-closing	Product standard cost plus 5%	Regular	$(46,065)	(46.21)%	

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

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.

(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 1 Jan. 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended 31 Dec. 2023		Accumulated amount of remittance from Taiwan to Mainland China as of 31 Dec. 2023	Net income of investee for the year ended 31 Dec. 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended 31 Dec. 2023	Book value of investments in Mainland China as of 31 Dec. 2023	Accumulated amount of investment income remitted back to Taiwan as of 31 Dec. 2023
					Remitted to Mainland China	Remitted back to Taiwan						
Sakura Bath and Kitchen Products (China) Co., Ltd.	Kitchen appliances	$1,386,816 (RMB320,000,000)	Investing in a third region to set up a company to reinvest in mainland companies	$372,225 (USD12,110,786)	$-	$-	$372,255 (USD12,110,786)	$162,460	44.39% (Note 3)	$72,116	$874,602	$1,237,726 (USD31,811,100) (RMB59,996,315)
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	Kitchen appliances and real estate leasing industry	430,290 (USD14,000,000)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	32,054	100.00%	32,054	435,512	-
Kunshan Hongyu Trading Co., Ltd.	Household appliances, electronic products, communication equipment	3,447 (USD112,159)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	670	100.00%	670	11,004	-
Kunshan Jingye Consulting Co., Ltd.	Corporate investment, management consulting services	2,120 (USD 68,977)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	406	100.00%	406	6,710	-

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

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of 1 Jan. 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended 31 Dec. 2023		Accumulated amount of remittance from Taiwan to Mainland China as of 31 Dec. 2023	Net income of investee for the year ended 31 Dec. 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended 31 Dec. 2023	Book value of investments in Mainland China as of 31 Dec. 2023	Accumulated amount of investment income remitted back to Taiwan as of 31 Dec. 2023
					Remitted to Mainland China	Remitted back to Taiwan						
Kunshan Yuntian Trading Co., Ltd.	Household appliances, electronic products, communication equipment	1,812 (USD 58,961)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	357	100.00%	357	5,943	-
Kunshan Haohui Consulting Co., Ltd.	Corporate image, corporate marketing, exhibition planning consultation	1,742 (USD 56,681)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	341	100.00%	341	5,647	-
Kunshan Zhanye Consulting Co., Ltd.	Business information consulting service	433 (RMB100,000)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	28	100.00%	28	732	-

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
$372,225 (USD 12,110,786)	$1,383,154 (USD 45,002,573) (Note 1)	$3,591,403 (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.

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

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%.

(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 December 2023

Shares / Name	Ownership (Shares)	Ownership (%)
Jin Rong Investment Co., Ltd.	14,200,501	6.42%
Yuan Chi Investment, Ltd.	13,311,536	6.02%
Ko Li Te Investment, Co., Ltd.	13,268,176	6.00%
Chin Yeh Investment Co., Ltd.	12,306,000	5.56%

Taiwan Sakura Corporation

Chairman, Yung-Chieh Chang