Stock Code: 9911

Taiwan Sakura Corporation

Parent Company Only Financial Statements
With Independent Auditors' Report

For The Years Ended
31 December 2022 And 2021

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

Company phone number: (04) 25666106

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

Parent Company Only Financial Statements

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Independent Auditors’ Report

To Taiwan Sakura Corporation:

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and 2021, and their financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of 2022 parent company only financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Income recognition

The Company recognized operating income of NT$7,571,601 thousand in 2022. The main products are gas cookers, water heaters and kitchen appliances. The main trading partners of the Company are dealers and retailers. The transactions are frequent and of great volume, and the number of contract types is numerous. The judgment and decision on the performance obligation and the time of satisfaction are important to the parent company only financial statements. Therefore, we determined it as a key audit matter. Our audit procedures include, but are not limited to, understanding and testing of the effectiveness of the parent company's internal control related to income recognition in the sales cycle; selecting samples to perform test of details of transactions and reviewing the revenue recognition requirements in orders or contracts to meet the performance obligations; verifying the significant terms and conditions and checking the relevant supporting documents to confirm the accuracy of the timing to transfer commodity rights; examining the relevant supporting documents of the income transaction for a period of time before and after the balance sheet date to determine if that income was recognized at the appropriate timing. We also considered the appropriateness of the disclosure of operating income in Note 6 of the parent company only financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

The financial statements of some of the investee companies included in the parent company only financial statements were not audited by us, the independent accountant, but by other accountants. Therefore, our opinion expressed herein and the amounts listed in the parent company only financial statements of the investee companies are based solely on the audit reports of other auditors. The investments in the investee companies accounted for using the equity method as of 31 December 2022 and 2021 amounted to NT$1,041,974 thousand and NT$1,022,809 thousand, respectively, accounting for 12% and 13% of the total assets. For the years ended 31 December 2022 and 2021, the shares of profit and loss of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT$68,530 thousand and NT$62,417 thousand, respectively, accounting for 5% and 5% of the net income before tax, respectively. For the years ended 31 December 2022 and 2021, the shares of other comprehensive income of subsidiaries, affiliates and joint ventures recognized by the equity method amounted to NT$11,885 thousand and NT$(4,659) thousand, respectively, accounting for 22% and (15)% of the other comprehensive income, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Notes to Readers

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

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

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

	Assets	Notes	As of 31 December 2022 Amount	%	31 December 2021 Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$1,341,046	16	$1,254,108	16
1140	Contract assets, current	4, 6(15),(16)	183,142	2	169,648	2
1150	Notes receivable, net	4, 6(2),(16)	110,632	1	93,375	1
1170	Accounts receivable, net	4, 6(2),(16), 7	999,514	12	1,129,403	14
130X	Inventories	4, 6(3)	1,044,374	13	858,975	11
1410	Prepayment		42,019	1	40,288	1
1470	Other current assets		11,928	-	12,311	-
11XX	**Total current assets**		3,732,655	45	3,558,108	45
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income, non-current	4, 6(4)	67,179	1	203,898	3
1550	Investment accounted for using equity method	4, 6(5)	2,268,001	27	2,083,581	26
1600	Property, plant and equipment	4, 6(6), 8	1,753,311	21	1,715,174	22
1755	Right-of-use assets	4, 6(17)	149,778	2	55,049	1
1760	Investment property, net	4, 6(7), 8	192,619	3	183,433	2
1780	Intangible assets	4, 6(8)	16,778	-	21,370	-
1840	Deferred income tax assets	4, 6(21)	25,189	-	28,901	-
1915	Prepayments for equipment		35,832	-	27,498	-
1900	Other non-current assets	4, 6(9)	108,963	1	40,987	1
15XX	**Total non-current assets**		4,617,650	55	4,359,891	55
1XXX	**Total assets**		$8,350,305	100	$7,917,999	100

(The accompanying notes are an integral part of the parent company only financial statements.)
(continued)

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

	Liabilities and Equity	Notes	As of 31 December 2022 Amount	%	As of 31 December 2021 Amount	%
	Current liabilities					
2100	Short-term loans	4, 6(10)	$3,138	-	$ -	-
2130	Contract liabilities, current	4, 6(15)	110,312	1	105,645	1
2150	Notes payable		6,432	-	3,308	-
2170	Accounts payable	7	1,328,849	16	1,365,508	17
2200	Other payables	6(11),(12)	633,680	8	629,711	8
2230	Current income tax liabilities		232,427	3	220,580	3
2280	Leased liabilities, current	4, 6(17)	40,140	-	20,270	-
2300	Other current liabilities	4, 6(13)	43,423	1	40,876	1
21XX	**Total current liabilities**		2,398,401	29	2,385,898	30
	Non-current liabilities					
2570	Deferred income tax liabilities	4, 6(21)	30,282	-	24,686	-
2580	Leased liabilities, non-current	4, 6(17)	173,882	2	34,876	-
2640	Net defined benefit liability, non-current	4, 6(12)	29,748	-	48,885	1
2600	Other non-current liabilities	6(13)	50,774	1	43,540	1
25XX	**Total non-current liabilities**		284,686	3	151,987	2
2XXX	**Total liabilities**		2,683,087	32	2,537,885	32
31XX	**Equity attributable to owners of parent**	4, 6(14)				
3100	Capital					
3110	Common stock		2,211,212	26	2,211,212	28
3200	Additional paid-in capital		121,350	1	112,370	1
3300	Retained earnings					
3310	Legal reserve		830,964	10	729,523	9
3320	Special reserve		115,799	1	115,799	1
3350	Unappropriated earnings		2,437,651	30	2,249,490	29
	Total retained earnings		3,384,414	41	3,094,812	39
3400	Other components of equity					
3410	Exchange differences on translation of foreign operations		(108,057)	(1)	(125,832)	(1)
3420	Unrealised gains or losses from financial assets measured at fair value through other comprehensive income		79,547	1	108,800	1
34XX	Total other components of equity		(28,510)	-	(17,032)	-
3500	Treasury stock		(21,248)	-	(21,248)	-
3XXX	**Total equity**		5,667,218	68	5,380,114	68
	Total liabilities and equity		$8,350,305	100	$7,917,999	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 2022 and 2021

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

			For the years ended 31 December			
		Notes	2022		2021	
			Amount	%	Amount	%
4000	**Operating revenues**	4, 6(15), 7	$7,571,601	100	$7,013,146	100
5000	**Operating costs**	6(3),(18), 7	(5,192,314)	(69)	(4,654,126)	(66)
5900	**Gross profit**		2,379,287	31	2,359,020	34
5910	Unrealized profit on sales		(2,319)	-	(1,471)	-
5920	Realized profit on sales		1,471	-	1,663	-
5950	Gross profit, net		2,378,439	31	2,359,212	34
6000	**Operating expenses**	6(16),(17),(18)				
6100	Selling and marketing expenses		(962,760)	(13)	(911,085)	(13)
6200	Management and administrative expenses		(274,377)	(3)	(261,057)	(4)
6300	Research and development expenses		(75,448)	(1)	(89,444)	(1)
6450	Expected credit gains (losses)		202	-	(293)	-
	Total operating expenses		(1,312,383)	(17)	(1,261,879)	(18)
6900	**Operating income**		1,066,056	14	1,097,333	16
7000	**Non-operating income and expenses**	6(17),(19)				
7100	Interest income		5,110	-	4,314	-
7010	Other income		31,527	-	30,072	-
7020	Other gains and losses		35,227	1	4,317	-
7050	Finance costs		(1,987)	-	(766)	-
7060	Share of profit of associates and joint ventures accounted for using equity method	6(5)	119,121	2	90,595	1
	Total non-operating income and expenses		188,998	3	128,532	1
7900	**Income from continuing operations before income tax**		1,255,054	17	1,225,865	17
7950	**Income tax expense**	6(21)	(236,114)	(3)	(215,520)	(3)
8200	**Income from continuing operations, net of tax**		1,018,940	14	1,010,345	14
8300	**Total other comprehensive income**	6(5),(20)				
8310	**Item that may not be reclassified subsequently to profit or loss**					
8311	Remeasurements of defined benefit plans		22,366	-	(3,391)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		19,552	-	38,269	1
8349	Income tax related to items that may not be reclassified subsequently to profit or loss		(4,473)	-	679	-
8360	**Items that may be reclassified subsequently to profit or loss**					
8361	Exchange differences on translation of foreign operations		10,333	-	(1,817)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		11,885	-	(4,659)	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss		(4,443)	-	1,295	-
	Total other comprehensive income (loss), net of tax		55,220	-	30,376	1
8500	**Total comprehensive income**		$1,074,160	14	$1,040,721	15
	Earnings per share (NT$)	6(22)				
9750	Earnings per share-basic		$4.66		$4.62	
9850	Earnings per share-diluted		$4.64		$4.61	

(The accompanying notes are an integral part of the parent company only financial statements.)

Taiwan Sakura Corporation

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

				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 2021		$2,211,212	$104,265	$640,266	$115,799	$2,038,702	$(120,651)	$70,531	$(21,248)	$5,038,876
Appropriation of earnings, 2020										
Legal reserve				89,257		(89,257)				-
Cash dividends						(707,588)				(707,588)
Donation from shareholders			704							704
Net income in 2021						1,010,345				1,010,345
Other comprehensive income (loss), net of income tax in 2021						(2,712)	(5,181)	38,269		30,376
Total comprehensive income (loss)		-	-	-	-	1,007,633	(5,181)	38,269	-	1,040,721
Adjustment due to dividends subsidiaries received from parent company			7,401							7,401
Balance as of 31 December 2021		$2,211,212	$112,370	$729,523	$115,799	$2,249,490	$(125,832)	$108,800	$(21,248)	$5,380,114
Balance as of 1 January 2022	4,6(14)	$2,211,212	$112,370	$729,523	$115,799	$2,249,490	$(125,832)	$108,800	$(21,248)	$5,380,114
Appropriation of earnings, 2021										
Legal reserve				101,441		(101,441)				-
Cash dividends						(796,036)				(796,036)
Donation from shareholders			654							654
Net income in 2022						1,018,940				1,018,940
Other comprehensive income (loss), net of income tax in 2022						17,893	17,775	19,552		55,220
Total comprehensive income (loss)		-	-	-	-	1,036,833	17,775	19,552	-	1,074,160
Adjustment due to dividends subsidiaries received from parent company			8,326							8,326
Disposal of investments in equity instruments designated at fair value through other comprehensive income						48,805		(48,805)		-
Balance as of 31 December 2022	4,6(14)	$2,211,212	$121,350	$830,964	$115,799	$2,437,651	$(108,057)	$79,547	$(21,248)	$5,667,218

(The accompanying notes are an integral part of the parent company only financial statements.)

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

	For the years ended 31 December	
	2022	2021
Cash flows from operating activities:		
Net income before tax	$1,255,054	$1,225,865
Adjustments:		
Adjustments to reconcile net income:		
Depreciation	97,336	89,214
Amortization	23,516	24,711
Expected credit (gain) loss	(202)	293
Interest expense	1,987	766
Interest income	(5,110)	(4,314)
Dividend income	(1,605)	(11,684)
Share of profit of associates and joint ventures accounted for using equity method	(119,121)	(90,595)
Gain on disposal of property, plant and equipment	(302)	(202)
Gain on disposal of investment property	-	(3,262)
Gain on disposal of investment	(166)	(110)
Reversal of impairment loss on non-financial assets	(11,149)	-
Gain from lease modification	-	(18)
Realized loss (gain) on inter-affiliate accounts	848	(1,084)
Changes in operating assets and liabilities:		
Increase in contract assets	(13,530)	(18,653)
(Increase) Decrease in notes receivable	(17,257)	9,510
Decrease (Increase) in accounts receivable	192,393	(124,474)
Increase in inventories	(185,399)	(238,638)
(Increase) Decrease in prepayments	(1,731)	20,166
Decrease (Increase) in other current assets	226	(1,597)
Increase in other non-current assets	(75,272)	(18,432)
Increase in contract liabilities	4,667	19,671
Increase (Decrease) in notes payable	3,124	(3,819)
(Decrease) Increase in accounts payable	(36,659)	158,193
Increase in other payables	3,969	61,095
Increase in other current liabilities	2,547	7,797
Increase in net defined benefit liabilities	124	189
Increasein other non-current liabilities	7,234	22,029
Cash generated from operations	1,125,522	1,122,617
Interest received	5,267	3,842
Dividend received	1,605	11,684
Income tax paid	(223,254)	(210,633)
Net cash provdied by operating activities	909,140	927,510

(The accompanying notes are an integral part of the parent company only financial statements.)

(continued)

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

	For the years ended 31 December	
	2022	2021
(Continued)		
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	150,586	-
Acquisition of finacial assets measured at fair value through profit or loss	(150,000)	(100,000)
Proceeds from disposal of finacial assets measured at fair value through profit	150,166	100,110
Acquisition of investment accounted for using equity method	(100,000)	(173,524)
Acquisition of property, plant and equipment	(94,721)	(293,337)
Proceeds from disposal of property, plant and equipment	518	459
Increase in refundable deposits	(5,973)	(2,905)
Decrease in refundable deposits	315	1,064
Increase in intangible assets	(5,970)	(4,663)
Gain on disposal of investment property	-	109,490
Increase in prepayment for equipment	(17,156)	(26,489)
Dividends distributed by investment accounted for using equity method	72,566	59,798
Net cash provided by (used in) investing activities	331	(329,997)
Cash flows from financing activities:		
Increase in short-term loans	118,898	397,188
Decrease in short-term loans	(115,760)	(397,642)
Decrease in long-term loans	-	(16,120)
Lease principal repayment	(30,015)	(18,175)
Cash dividend distribution	(796,036)	(707,588)
Interest paid	(274)	(233)
Capital surplus due to donation from shareholders	654	704
Net cash used in financing activities	(822,533)	(741,866)
Net increase (decrease) in cash and cash equivalents	86,938	(144,353)
Cash and cash equivalents at beginning of period	1,254,108	1,398,461
Cash and cash equivalents at end of period	$1,341,046	$1,254,108

(The accompanying notes are an integral part of the parent company only financial statements.)

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements

FOR THE YEARS ENDED
31 DECEMBER 2022 AND 2021
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. COMPANY HISTORY

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

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

The parent company only financial statements of the Company for the years ended 31 December 2022 and 2021 were authorized for issue in accordance with the resolution of the Board of Directors' meeting on 14 March 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

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

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

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

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

(b) IFRS 17 "Insurance Contracts"

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of Preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, investment in subsidiaries was presented in the parent company only financial statements as "Investments accounted for using equity method" and made necessary adjustments.

The parent company only financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Foreign Currency Transactions

The parent company only financial statements are presented in New Taiwan Dollars ($), which is also the Company's functional currency.

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

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

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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.

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 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.

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

(c) Derecognition of financial assets

A financial asset is derecognized when:

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

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

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

(d) Financial liabilities and equity instruments

Classification between liabilities or equity

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

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 assets, financial liabilities or both is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(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 venturex`.

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 perform*ed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

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

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

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

(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.

<u>Company as a lessee</u>

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.

Patents

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

Computer software

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

Trademark rights

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

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

	Patent rights	Computer software	Trademark rights
Useful lives	Finite	Finite	Finite
Amortization method used	Amortized on a straight-line basis over the period of the patent	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired	Acquired

(15) Impairment of non-financial assets

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

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 tax and deferred 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 tax

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

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

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

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

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the 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:

(a) Fair value of financial instruments

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

(b) Impairment of non-financial assets

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

(c) Revenue recognition – sales returns and allowance

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

(d) Income tax

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

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(e) Accounts receivable -– estimation of impairment loss

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

(f) Inventory valuation

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	31 Dec. 2022	31 Dec. 2021
Demand deposits	$1,137,634	$1,062,248
Time deposits	202,418	190,890
Cash on hand	994	970
Total	$1,341,046	$1,254,108

The Company's Time deposits were not pledged.

(2) Notes receivable , accounts receivables

	31 Dec. 2022	31 Dec. 2021
Notes receivables	$110,632	$93,375
Less: loss allowance	-	-
Notes receivable, net	110,632	93,375
Accounts receivables	953,282	1,096,229
Accounts receivables from related parties	40,547	33,433
Less: loss allowance	(21)	(259)
Subtotal	993,808	1,129,403
Finance lease receivable due from related parties	6,437	-
Less: unearned finance income on finance lease due from related parties	(767)	-
Subtotal	5,706	-
Accounts receivables, net	999,514	1,129,403
Total	$1,110,146	$1,222,778

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Notes receivables and accounts receivables are generally on 30-90 day terms. The total carrying amount, including notes receivables and accounts receivables, as of 31 December 2022 and 2021 were $1,110,167 and $1,223,037, respectively. The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(16) for more details on loss allowance of accounts receivables for the periods ended 31 December 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

Please refer to Note 6(17) for for more details on finance lease receivable on machinery and equipment signed by the Company.

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

(3) Inventories

	31 Dec. 2022	31 Dec. 2021
Raw materials	$352,852	$386,074
Commodity inventory	290,379	225,497
Finished goods	266,021	133,501
Work in progress	135,122	113,903
Total	$1,044,374	$858,975

The cost of inventories recognized in operating costs in 2022 and 2021 from 1 January to 31 December amounted to $5,192,314 and $4,654,126, respectively. The inventory-related loss and net income recognized in 2022 and 2021 were as follows:

	2022	2021
Revenue from sale of scraps	$4,459	$5,133
Loss on physical inventory	(2,724)	(1,220)
Obsolete inventory	(12,443)	(13,298)
Net	$(10,708)	$(9,385)

No inventories above were pledged.

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

	31 Dec. 2022	31 Dec. 2021
Equity instrument investments designated at fair value through other comprehensive income, non-current:		
Listed stocks	$53,182	$189,901
Unlisted stocks	13,997	13,997
Total	$67,179	$203,898

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

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

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

(5) Investments accounted for using the equity method

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

	31 Dec. 2022		31 Dec. 2021	
Investees	Amount	% of ownership	Amount	% of ownership
Investment in related companies:				
Sakura Enterprise (B.V.I.) Ltd.	$1,634,014	100.00%	$1,510,668	100.00%
Svago International Corporation	230,135	100.00%	215,516	100.00%
SAKURA Home Collection Co., Ltd.	107,667	100.00%	57,801	100.00%
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD.	100,870	100.00%	106,990	100.00%
Subtotal	2,072,686		1,890,975	
Investment in related companies:				
PUDA Industrial Co., Ltd.	195,315	43.19%	192,606	43.19%
Total	$2,268,001		$2,083,581	

The Company invested $100,000 and $60,000 in SAKURA Home Collection Co., Ltd. in cash in 2022 and 2021 respectively.

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

	2022		2021	
Investees	Share of profit or loss of associates and joint ventures	Exchange differences on translation of foreign operations	Share of profit or loss of associates and joint ventures	Exchange differences on translation of foreign operations
Investment in related companies:				
Sakura Enterprise (B.V.I.) Ltd.	$104,441	$18,905	$65,694	$(6,269)
Svago International Corporation	70,822	-	68,549	-
SAKURA Home Collection Co., Ltd.	(50,134)	-	(40,761)	-
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD.	(9,433)	3,313	(6,327)	(207)
Subtotal	115,696	22,218	87,155	(6,476)
Investment in related companies:				
PUDA Industrial Co., Ltd.	3,425	-	3,440	-
Total	$119,121	$22,218	$90,595	$(6,476)

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

(d) The Company's investment in PUDA Industrial Co., Ltd. was immaterial to the Company. The aggregated financial information of the Company's shares of investment in PUDA Industrial Co., Ltd. is listed as follows:

	2022	2021
Profit from continuing operations	$3,425	$3,440
Other comprehensive income, net of tax	2,484	(98)
Total comprehensive income	$5,909	$3,342

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(6) Property, plant and equipment

	31 Dec. 2022	31 Dec. 2021
Owner occupied property, plant and equipment	$1,753,311	$1,715,174

(a) Owner occupied property, plant and equipment

	Land	Buildings	Machinery equipment	Mold equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under installation	Total
Cost:									
1 Jan. 2022	$1,273,734	$583,812	$286,930	$163,557	$59,949	$40,719	$78,111	$1,587	$2,488,399
Additions	41,130	1,083	14,855	9,566	6,210	4,392	3,901	13,584	94,721
Disposals	-	(1,047)	(6,498)	(2,320)	(7,514)	(1,230)	(4,737)	-	(23,346)
Other changes	-	-	8,822	-	-	-	-	-	8,822
31 Dec. 2022	$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
Cost:									
1 Jan. 2021	$862,556	$575,552	$275,411	$158,581	$58,998	$37,375	$75,608	$1,994	$2,046,075
Additions	262,027	6,266	6,470	5,573	3,797	4,284	3,333	1,587	293,337
Disposals	-	-	(603)	(597)	(2,846)	(940)	(830)	-	(5,816)
Other changes	149,151	1,994	5,652	-	-	-	-	(1,994)	154,803
31 Dec. 2021	$1,273,734	$583,812	$286,930	$163,557	$59,949	$40,719	$78,111	$1,587	$2,488,399
Depreciation and impairment:									
1 Jan. 2021	$-	$303,435	$138,434	$133,507	$48,961	$33,766	$52,052	$-	$710,155
Depreciation	-	20,046	24,149	12,560	4,112	1,829	5,933	-	68,629
Disposals	-	-	(530)	(597)	(2,826)	(927)	(679)	-	(5,559)
31 Dec. 2021	$-	$323,481	$162,053	$145,470	$50,247	$34,668	$57,306	$-	$773,225
Net carrying amount:									
31 Dec. 2022	$1,314,864	$245,438	$123,368	$15,390	$11,921	$8,059	$19,100	$15,171	$1,753,311
31 Dec. 2021	$1,273,734	$260,331	$124,877	$18,087	$9,702	$6,051	$20,805	$1,587	$1,715,174

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

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

(7) Investment property

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

	Land	Buildings	Total
Cost:			
As of 1 Jan. 2022	$164,203	$108,383	$272,586
Transfer from property, plant and equipment	-	-	-
As of 31 Dec. 2022	$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

	Land	Buildings	Total
Cost:			
As of 1 Jan. 2021	$292,333	$252,917	$545,250
Disposals	(128,130)	(144,534)	(272,664)
As of 31 Dec. 2021	$164,203	$108,383	$272,586
Depreciation and impairment:			
As of 1 Jan. 2021	$70,437	$182,145	$252,582
Current period depreciation	-	3,007	3,007
Disposals	(64,768)	(101,668)	(166,436)
31 Dec. 2021	$5,669	$83,484	$89,153
Net carrying amount:			
As of 31 Dec. 2022	$161,592	$31,027	$192,619
As of 31 Dec. 2021	$158,534	$24,899	$183,433

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

	2022	2021
Rental income from investment property	$4,842	$4,842
Less:		
Direct operating expenses from investment property generating rental income	(1,849)	(2,074)
Direct operating expenses from investment property not generating rental income	(303)	(1,975)
Total	$2,690	$793

For investment property pledge, please refer to Note 8.

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

(8) Intangible assets

	Patent rights	Trademark rights	Computer software cost	Total
Cost:				
As of 1 Jan.2022	$6,518	$8,309	$25,335	$40,162
Addition - acquired separately	515	454	5,001	5,970
As of 31 Dec. 2022	$7,033	$8,763	$30,336	$46,132
As of 1 Jan.2021	$7,100	$8,187	$34,978	$50,265
Addition - acquired separately	587	607	3,469	4,663
Disposal	(1,169)	(485)	(13,112)	(14,766)
As of 31 Dec. 2021	$6,518	$8,309	$25,335	$40,162

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

	Patent rights	Trademark rights	Computer software cost	Total
Amortization and impairment:				
As of 1 Jan.2022	$3,576	$4,186	$11,030	$18,792
Amortization	703	670	9,189	10,562
As of 31 Dec. 2022	$4,279	$4,856	$20,219	$29,354
As of 1 Jan.2021	$4,019	$3,932	$14,964	$22,915
Amortization	726	739	9,178	10,643
Disposal	(1,169)	(485)	(13,112)	(14,766)
As of 31 Dec. 2021	$3,576	$4,186	$11,030	$18,792
Net carrying amount:				
As of 31 Dec. 2022	$2,754	$3,907	$10,117	$16,778
As of 31 Dec. 2021	$2,942	$4,123	$14,305	$21,370

The amortized amount of recognized intangible assets is as follows:

	2022	2021
Operating expenses	$10,562	$10,643

(9) Other non-current assets

	31 Dec. 2022	31 Dec. 2021
Long-term finance lease receivable due from related parties	$59,013	$-
Less: unearned finance income on long-term finance lease due from related parties	(3,175)	-
Subtotal	55,838	-
Other deferred charges	34,490	$28,010
Other non-current assets - other	18,635	12,977
Total	$108,963	$40,987

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(10) Short-term loans

	31 Dec. 2022	31 Dec. 2021
Unsecured bank loan	$3,138	$-

	31 Dec. 2022	31 Dec. 2021
Interest rates (%)	3.57%	-%

The Company's unused short-term lines of credits, including credit loans and secured loans, amounted to $476,862 and $650,000 as of 31 December 2022 and 2021, respectively, among which the secured loans were not drawn.

(11) Other payables

	31 Dec. 2022	31 Dec. 2021
Accrued salary and bonus	$287,863	$294,876
Payables on promotion fee	111,181	118,359
Accrued employees' compensation and directors' remuneration	64,666	63,162
Payables on advertisement	49,327	42,233
Other payables - others	120,643	111,081
Total	$633,680	$629,711

(12) Post-employment benefit plans

<u>Defined contribution plans</u>

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

The Company's expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were $23,388 and $21,932, respectively.

Defined benefits plan

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

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

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

	2022	2021
Current service cost	$1,051	$1,339
Net defined interest on benefit liabilities	242	223
Total	$1,293	$1,562

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

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

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

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The principal actuarial assumptions used were as follows:

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

Sensitivity analysis for significant assumption are shown below:

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

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

The methods and assumptions used in this period of sensitivity analysis are no different from the previous period.

(13) Provisions

	Warranties
As of 1 Jan. 2022	$60,671
Addition	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
As of 1 Jan. 2021	$37,203
Addition	44,540
Utilized	(21,072)
As of 31 Dec. 2021	$60,671
Current - 31 Dec. 2021	$17,551
Non-current - 31 Dec. 2021	43,120
As of 31 Dec. 2021	$60,671

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Warranties

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

(14) Equities

(a) Common stock

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

(b) Additional paid-in capital

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

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

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

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

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

(c) Treasury stock

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

(d) Retained earnings and dividend policies

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

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

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

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

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

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

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

	Appropriation of earnings		Dividend per share (NT$)	
	2022	2021	2022	2021
Legal reserve	(Note 1)	$101,441		
Cash dividend - common stock(Note 2)	(Note 1)	796,036	(Note 1)	$3.60

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

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

Please refer to Note 6(18) for relevant information on the estimation basis and amount for employee compensation director compensation.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(15) Operating revenue

	2022	2021
Revenue from contracts with customers - Sale of goods	$7,571,601	$7,013,146

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

(a) Disaggregation of revenue

For the year ended 31 December 2022:

	Gas appliances division	Kitchenware division	Other divisions	Total
Sale of goods	$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

For the year ended 31 December 2021:

	Gas appliances division	Kitchenware division	Other divisions	Total
Sale of goods	$4,373,979	$1,859,383	$779,784	$7,013,146
Timing of revenue recognition:				
At a point in time	$4,373,979	$1,859,383	$779,784	$7,013,146
Over time	-	-	-	-
Total	$4,373,979	$1,859,383	$779,784	$7,013,146

(b) Contract balances

A. Contract assets - current

	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Sale of goods	$183,142	$169,648	$149,515

The significant changes in the Company’s balances of contract assets during the periods ended 31 December 2022 and 2021 are as follows:

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

B. Contract liabilities - current

	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Sales of goods	$110,312	$105,645	$85,974

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

	31 Dec. 2022	31 Dec. 2021
The opening balance transferred to revenue	$(105,645)	$(85,974)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	110,312	105,645
Changes during the period	$4,667	$19,671

(c) Transaction price allocated to unfulfilled performance obligations

None.

(d) Assets recognized from costs to fulfil a contract

None.

(16) Expected credit losses (gains)

	2022	2021
Operating expenses – Expected credit losses (gains)		
Contract assets	$36	$(1,480)
Other receivables	-	1,652
Notes receivables	-	-
Finance lease receivable	-	-
Account receivables	(238)	121
Total	$(202)	$293

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

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

(a) The total carrying amounts of the contract assets were $183,338 and $169,808 on December 31, 2022 and 2021, respectively. The amounts of the allowance loss were $196 and $160 on December 31, 2022 and 2021, respectively, based on individual customer assessment method.

(b) The receivables are divided into groups based on the credit rating, regional and industrial factors of the counterparty, and the matrix is used to measure the allowance loss. The related information is as follows:

As of 31 December 2022

		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

As of 31 December 2021

		Days of overdue			
	Not yet due (Note)	Over a year	Over two years	Over three years	Total
Gross carrying amount	$1,222,714	$215	$-	$108	$1,223,037
Loss ratio	-	70%	90%	100%	-
Lifetime expected credit losses	-	(151)	-	(108)	(259)
Carrying amount	$1,222,714	$64	$-	$-	$1,222,778

Note: The Company's note receivables and finance lease receivable are not overdue. The Company accrues the expected credit impairment loss according to the individual customer assessment method.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

	Contract assets	Notes receivable	Accounts receivable	Finance lease receivable	Other receivables	Total
As of 1 Jan. 2022	$160	$-	$259	$-	$2,656	$3,075
Addition (reversal) for the current year	36	-	(238)	-	-	(202)
Write off	-	-	-	-	(85)	(85)
As of 31 Dec. 2022	$196	$-	$21	$-	$2,571	$2,788
As of 1 Jan. 2021	$1,640	$-	$138	$-	$1,004	$2,782
Addition (reversal) for the current year	(1,480)	-	121	-	1,652	293
As of 31 Dec. 2021	$160	$-	$259	$-	$2,656	$3,075

(17) Leases

(1) Group as a lessee

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

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

	Buildings	Transportation equipment	Land improvement	Total
Cost:				
1 Jan. 2022	$77,431	$4,310	$11,712	$93,453
Addition	185,900	884	394	187,178
Disposal	(25,659)	(1,318)	(1,570)	(28,547)
Other changes(Note)	(62,266)	-	-	(62,266)
31 Dec. 2022	$175,406	$3,876	$10,536	$189,818

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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
Cost:				
1 Jan. 2021	$39,122	$3,920	$11,712	$54,754
Addition	51,386	390	-	51,776
Disposal	(13,077)	-	-	(13,077)
31 Dec. 2021	$77,431	$4,310	$11,712	$93,453
Depreciation:				
1 Jan. 2021	$22,350	$1,078	$1,996	$25,424
Depreciation	14,950	938	1,690	17,578
Disposal	(4,598)	-	-	(4,598)
31 Dec. 2021	$32,702	$2,016	$3,686	$38,404
Net carrying amount:				
31 Dec. 2022	$141,031	$2,185	$6,562	$149,778
31 Dec. 2021	$44,729	$2,294	$8,026	$55,049

Note：Other changes are caused by subleasing of the plant, please refer to Note 6, 17. (2).

During the year ended 31 December 2022 and 2021, the Company’s additions to right-of-use assets amounted to $187,178 and $51,776, respectively.

b. Lease liabilities

	31 Dec. 2022	31 Dec. 2021
Lease liabilities		
Current	$40,140	$20,270
Non-current	173,882	34,876
Total	$214,022	$55,146

Please refer to Note 6(19)(d) for the interest on lease liabilities recognized during the period ended 31 December 2022 and refer to Note 12.5 - liquidity Risk Management for the maturity analysis for lease liabilities as of 31 December 2022.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2022	2021
Buildings	$27,332	$14,950
Land improvement	1,858	1,690
Transportation equipment	993	938
Total	$30,183	$17,578

C. Income and costs relating to leasing activities

	2022	2021
The expenses relating to short-term leases	$2,759	$3,140

D. Cash outflow relating to leasing activities

During the year ended 31 December 2022 and 2021, the Company's total cash out-flows for leases amounted to $32,774 and $21,315, respectively.

(2) Company as a lessor

A. Please refer to Note 6(7) for details on the Company's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$5,077	$5,077

B. The Company enters into lease contracts for buildings contracts, that are classified as a financial lease due to the transfer of substantially all the risks and rewards of ownership of the subsidiary's subject assets.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

The Company has entered finance lease contracts and the undiscounted lease payments and total amounts to be received as of 31 December 2022 and 2021 are as follows:

	31 Dec. 2022	31 Dec. 2021
No later than one year	$6,472	$-
Later than one year but no later than two years	6,813	-
Later than two years but no later than three years	6,955	-
Later than three years but no later than four years	6,955	-
Later than four years but no later than five years	6,955	-
Later than five years	31,336	-
Undiscounted lease payments	65,486	-
Less: Unearned finance income to finance leases	(3,942)	-
Net investment in the lease (Finance lease receivables)	$61,544	$-
Current	$5,706	$-
Non-current	$55,838	$-

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

Function / Nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$319,346	$490,676	$810,022	$307,885	$493,238	$801,123
Labor and health insurance	25,576	40,491	66,067	24,514	40,720	65,234
Pension	8,019	16,662	24,681	7,631	15,863	23,494
Directors' remuneration	-	42,745	42,745	-	42,254	42,254
Other employee benefits expense	12,272	19,336	31,608	11,948	18,708	30,656
Depreciation	62,550	34,786	97,336	59,029	30,185	89,214
Amortization	7,285	16,231	23,516	8,966	15,745	24,711

As of 31 December 2022 and 2021, the Company had 1,058 and 1,022 employees, respectively, including 6 directors who were non-employee directors.

For the years ended 31 December 2022 and 2021, the average employee benefit expenses were $886 and $906, respectively.

For the years ended 31 December 2022 and 2021, the average employee salaries were $770 and $789, respectively, and the average employee salaries adjustment changes were (2)%.

The Company established an audit committee to replace the supervisor on June 24, 2019, thus, there is no supervisor's remuneration for the years ended 31 December 2022 and years ended 31 December 2021.

The Company’s policy for compensation of directors, managers and employees is as follows:

The Company set the policy for directors and employees’ compensation in the Company’s Articles of Incorporation and established the Remuneration Committee to evaluate and monitor the Company’s remuneration system for its directors and executive officers. The Company shall assess the performance of directors and executive officers according to the Rules for Performance Assessment of the Board of Directors and the Performance Appraisal for employees of the Company, in order to determine their compensation. An adequate compensation scheme will be calculated by referencing the Company’s operation results, future risks, corporate strategies, industry trends and also individual contribution.

The Company developed a comprehensive employee welfare system in accordance with laws, government regulations and regional needs to provide employees with competitive salary and welfare conditions. Employees’ compensation includes monthly salary, bonus based on operation performance, and the compensation based on the Company’s earnings performance and regulated by the articles. The Company conducts a performance evaluation of all employees every year to understand their job performance and uses such information as a reference for promotions, training and distributing compensation.

According to the Company’s Articles of Incorporation, if the Company makes a profit for the year, it shall contribute 2% to 8% as employee remuneration, and no more than 5% as director compensation. However, the profit shall make up for losses first, if any. The above-mentioned employee compensation shall be distributed in stocks or cash and shall be approved by the Board of Directors with more than two-thirds of the directors' attendance and a majority of the directors' consents and the results are reported to the shareholders' meeting. Information about the appropriation of employees’ compensation and directors’ remuneration of the Company as resolved by the Board of Directors, please refer to the "Market Observation Post System " of the TWSE.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

For the year ended 31 December 2022, employee's compensation and remuneration of the directors were accrued at $39,592 and $25,074, respectively, which were booked under salary expenses. The Company has not yet convened a board meeting to determine employee compensation and remuneration for directors.

The actual distribution of the employee's compensation and remuneration of the directors in 2021 were $38,671 and $24,491, respectively. There was the same as the estimated amount recognized in the 2021 financial statements.

(19) Non-operating income and expenses

(a) Interest income

	2022	2021
Interest income		
Financial assets measured at amortized cost	$4,715	$4,134
Finance lease receivable	395	-
Total	$5,110	$4,314

(b) Other income

	2022	2021
Rental income	$5,077	$5,077
Dividend income	1,605	11,684
Gain from lease modification	-	18
Other income	24,845	13,293
Total	$31,527	$30,072

(c) Other gains and losses

	2022	2021
Foreign exchange gains, net	$28,244	$4,630
Gains on reversal of impairment loss	11,149	-
Gains on disposal of property, plant and equipment	302	202
Gains on disposal of investment	166	110
Gains on disposals of investment property	-	3,262
Other losses - others	(4,634)	(3,887)
Total	$35,227	$4,317

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(d) Finance costs

	2022	2021
Interest on lease liabilities	$1,713	$627
Interest on loans from bank	274	139
Total	$1,987	$766

(20) Components of other comprehensive income

For the year ended 31 December 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss)	Income tax	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$22,366	$-	$22,366	$(4,473)	$17,893
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	19,552	-	19,552	-	19,552
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	10,333	-	10,333	(2,066)	8,267
Share of loss of associates and joint ventures accounted for using equity method through other comprehensive income	11,885	-	11,885	(2,377)	9,508
Total other comprehensive income	$64,136	$-	$64,136	$(8,916)	$55,220

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

For the year ended 31 December 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss)	Income tax	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(3,391)	$-	$(3,391)	$679	$(2,712)
Unrealized gains on equity instrument investments measured at fair value through other comprehensive income	38,269	-	38,269	-	38,269
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(1,817)	-	(1,817)	363	(1,454)
Share of loss of associates and joint ventures accounted for using equity method through other comprehensive income	(4,659)	-	(4,659)	932	(3,727)
Total other comprehensive income	$28,402	$-	$28,402	$1,974	$30,376

(21) Income tax

Components of the income tax expenses (income):

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

	2022	2021
Current income tax expense (income):		
Current income tax charge	$225,580	$211,412
Adjustments in respect of current income tax of prior periods	6,395	-
Undistributed surplus for income tax	3,126	2,983
Land value increment tax	-	1,151
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	1,013	(26)
Total income tax expense	$236,114	$215,520

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

	2022	2021
Deferred tax expense (income):		
Exchange differences on translation of foreign operations	$2,066	$(363)
Remeasurements of defined benefit plans	4,473	(679)
Share of loss of associates and joint ventures accounted for using equity method through other comprehensive income	2,377	(932)
Income tax related to components of other comprehensive income	$8,916	$(1,974)

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

	2022	2021
Accounting profit before tax from continuing operations	$1,225,054	$1,225,865
Tax at the domestic rates applicable to profits in the country concerned	$251,011	$245,173
Adjustments in respect of current income tax of prior periods	6,395	-
Undistributed surplus for income tax	3,126	2,983
Income tax effects of non-deductible expenses on tax returns	239	52
Land value increment tax	-	1,151
Income tax effects of tax-exempt income	(24,657)	(33,839)
Total income tax expense	$236,114	$215,520

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

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

For the year ended 31 December 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized exchange gain or loss	$122	$(1,275)	$-	$(1,153)
Allowance for sales discounts	2,274	(260)	-	2,014
Unrealized loss on inventory market value decline	(570)	-	-	(570)
Impairment of investment property	4,350	(1,619)	-	2,731
Investment using the equity method	(148)	-	-	(148)
Unrealized gain on inter-affiliate accounts	294	170	-	464
Provision for warranties	12,134	1,951	-	14,085
Net defined benefit liability	9,727	20	(3,852)	5,895
Unrealized exchange profit or loss	(23,968)	-	(4,443)	(28,411)
Deferred income expense		$(1,013)	$(8,295)	
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)

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

For the year ended 31 December 2021

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary difference				
Unrealized exchange gain or loss	$(504)	$626	$	$122
Allowance for sales discounts	1,621	653	-	2,274
Unrealized loss on inventory market value decline	(570)	-	-	(570)
Impairment of investment property	10,293	(5,943)	-	4,350
Investment using the equity method	(148)	-	-	(148)
Unrealized gain on inter-affiliate accounts	333	(39)	-	294
Provision for warranties	7,440	4,694	-	12,134
Net defined benefit liability	9,038	35	654	9,727
Unrealized exchange profit or loss	(25,263)	-	1,295	(23,968)
Deferred income tax benefit		$26	$1,949	
Deferred income tax assets	$2,240			$4,215
The information expressed on the balance sheet is as follows:				
Deferred income tax assets	$28,725			$28,901
Deferred income tax liabilities	$(26,485)			$(24,686)

(e) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company's income tax payable on the repatriation of the undistributed earnings of the foreign subsidiaries prior to the fourth quarter of 2009 has been recognized as related deferred income tax liabilities in the amount of $58,186. The Company’s surplus from foreign subsidiaries in 2009 was repatriated to the surplus before the fourth quarter of 2009 amounted to $290,189, and the 8% substantive investment preferential tax rate was applied. Therefore, the deferred income tax liability estimated in the previous years was reversed to $35,059. As of 31 December 2022 and 2021, deferred income tax liabilities that were not recognized amounted to $152,893 and $133,891, respectively.

(f) The assessment of income tax returns

As of 31 December 2022, the assessment returns of income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved through 2020

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2022	2021
(a) Basic earnings per share		
Net profit attributable to ordinary stockholders (in NT$ thousands)	$1,018,940	$1,010,345
Weighted average number of ordinary shares outstanding (in thousands)	218,808	218,808
Basic earnings per share (NT$)	$4.66	$4.62

	2022	2021
(b) Diluted earnings per share		
Net profit attributable to ordinary stockholders (in NT$ thousands)	$1,018,940	$1,010,345
Net profit after adjusting the dilution effect (in thousands)	$1,018,940	$1,010,345
Weighted average number of ordinary shares outstanding (in thousands)	218,808	218,808
Effect of dilution:		
Employee compensation - stock (in thousands)	849	561
Weighted average number of ordinary shares outstanding after dilution (in thousands)	219,657	219,369
Diluted earnings per share (NT$)	$4.64	$4.61

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 Topax)	First-tier subsidiary
SAKURA Home Collection Co., Ltd. (hereinafter referred to as SAKURA Home)	First-tier subsidiary
Sakura Bath and Kitchen Products (China) Co., Ltd. (hereinafter referred to as Sakura China)	Invested company evaluated by equity method
PUDA Industrial Co., Ltd. (hereinafter referred to as PUDA)	Invested company evaluated by equity method
Sakura Bath and Kitchen Products (Shunde) Co., Ltd. (hereinafter referred to as Sakura Shunde)	Subsidiary of the invested company evaluated by the equity method
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD.	First-tier subsidiary
Mekong Trading Corporation (hereinafter referred to as MK)	Second-tier subsidiary

Significant transactions and balances with related parties

(a) Sales

	2022	2021
First-tier subsidiary	$374,493	$323,221
Second-tier subsidiary	1,063	3,702
Total	$375,556	$326,923

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.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Purchases

	2022	2021
Invested company evaluated by equity method	$23,049	$12,879
Subsidiary of the invested company evaluated by the equity method	16,449	22,265
First-tier subsidiary	1,800	1,646
Total	$41,298	$36,790

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

(c) Accounts receivables

	31 Dec. 2022	31 Dec. 2021
First-tier subsidiary	$39,482	$32,461
Second-tier subsidiary	1,063	970
Total	$40,545	$33,431

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

	31 Dec. 2022	31 Dec. 2021
First-tier subsidiary	$61,544	$-

(e) Accounts payables

	31 Dec. 2022	31 Dec. 2021
Invested company evaluated by equity method	$2,812	$934
Subsidiary of the invested company evaluated by the equity method	2,412	2,208
Total	$5,224	$3,142

(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

	2022	2021
Short-term employee benefits	$95,880	$83,331
Post-employment benefits	685	524
Total	$96,565	$83,855

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

8. PLEDGED ASSETS

The following assets were pledged:

Item	Carrying amount 31 Dec. 2022	Carrying amount 31 Dec. 2021	Purpose of collateral
Property, plant and equipment	$878,518	$892,795	Short-term and long-term loans
Investment property	99,753	97,294	Short-term loans
Total	$978,271	$990,089	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of 31 December 2022, the Company's unused letters of credit amounted to CN$5,992,061.

(2) As of 31 December 2022, the Company's remaining balance due to construction in progress and loans was $158,900.

(3) Information about endorsement and guarantee to others as of 31 December 2022, please refer to Note 13(1)(b).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Financial instruments

Financial assets

	31 Dec. 2022	31 Dec. 2021
Financial assets at fair value through profit or loss		
Financial assets at fair value through other comprehensive income	$67,179	$203,898
Financial assets measured at amortized cost		
Cash and cash equivalents	1,341,046	1,254,108
Contract assets - current	183,142	169,648
Notes receivable	110,632	93,375
Accounts receivable (exclude finance lease receivable)	993,808	1,129,403
Finance lease receivable (current and non-current)	61,544	-

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Financial liabilities

	31 Dec. 2022	31 Dec. 2021
Financial liabilities at amortized cost		
Short-term loans	$3,138	$-
Contract liability - current	110,312	105,645
Notes payables	6,432	3,308
Accounts payables	1,328,849	1,365,508
Other payables	633,680	629,711
Lease liabilities (current and non-current)	214,022	55,146

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

The Company's market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risks (such as equity instruments).

In practice, it is rarely the case that a single risk variable will change interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investment in foreign operating agencies.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company’s profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The impact of foreign currency appreciation/depreciation on the Company's profit and loss. The Company’s foreign currency risk is mainly related to the volatility in the exchange rates for CN$ and US$. The sensitivity analysis information is as follows:

(a) When the exchange rate of NT$ to US$ is appreciated/depreciated by 1%, the profit and loss of the Company for the years of 2022 and 2021 from 1 January to 31 December is increased by $1,330 and $1,955, respectively. The equity is reduced by $7,765 and $7,615, respectively.

(b) When the exchange rate of NT$ to CN$ is appreciated/depreciated by 1%, the profit and loss of the Company for the years of 2022 and 2021 from 1 January to 31 December is increased by $354 and $544, respectively. The equity is reduced by $702 and $687, respectively.

<u>Interest rate risk</u>

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.

<u>Equity price risk</u>

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 $532 and $1,899, respectively, from 1 January to 31 December 2022 and 2021.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for contract assets, account receivables and note receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit risk assessment for all customers are based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures (such as requesting for prepayment).

As of 31 December 2022 and 2021, amounts receivable from top ten customers represented 35.67% and 34.18% of the total trade receivables of the Company, respectively. The credit concentration risk of other Accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank loans. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
As of 31 Dec. 2022					
Short-term loans	$3,138	$-	$-	$-	$3,138
Notes and accounts payables	1,335,281	-	-	-	1,335,281
Other payables	633,680	-	-	-	633,680
Lease liabilities	42,619	64,584	39,993	77,685	224,881
As of 31 Dec. 2021					
Notes and accounts payables	$1,368,816	$-	$-	$-	$1,368,816
Other payables	629,711	-	-	-	629,711
Lease liabilities	20,872	25,482	10,005	-	56,359

(6) Reconciliation of liabilities from financing activities

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

	Short-term loans	Lease liabilities	Long-term loans	Total
As of 1 Jan. 2022	$-	$55,146	$-	$55,146
Non-cash changes	-	188,891	-	188,891
Cash flows	3,138	(30,015)	-	(26,877)
As of 31 Dec. 2022	$3,138	$214,022	$-	$217,160

Information on the reconciliation of liabilities from January 1 to December, 31 2021:

	Short-term loans	Lease liabilities	Long-term loans	Total
As of 1 Jan. 2021	$454	$29,415	$16,120	$45,989
Non-cash changes	-	43,906	-	43,906
Cash flows	(454)	(18,175)	(16,120)	(34,749)
As of 31 Dec. 2021	$-	$55,146	$-	$55,146

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures, etc.) at the reporting date.

C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

D. The fair value of loans and other non-current liabilities is determined by counterparty quotations or valuation techniques, which are determined based on discounted cash flow analysis, and their interest rates and discount rates are mainly based on information related to similar instruments (such as OTC reference yield curve, average quotation of Reuters commercial promissory note rate and credit risk, etc.).

(b) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for the fair value measurement hierarchy for financial instruments of the Company.

(8) Derivatives

The Company did not hold any derivatives for trading as of 31 December 2022 and 31 December 2021.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(9) Fair value measurement hierarchy

(a) Definition of fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access on the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of 31 Dec. 2022

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

As of 31 Dec. 2021

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Equity instruments measured at fair value through other comprehensive gains and losses	$189,901	$-	$13,997	$203,898

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Transfer between the level 1 and level 2 during the period

During the year of 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurement.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period

The assets and liabilities measured by the Company's repetitive fair value are the level 3 of the fair value hierarchy. The adjustment of the opening balance to the ending balance is as follows:

	Assets
	Financial assets measured at fair value through other comprehensive gains and losses
	Stock
As of 1 January 2022	$13,997
Total gains and losses recognized in 2022:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses”)	-
As of 31 December 2022	$13,997
As of 1 January 2021	$13,997
Total gains and losses recognized in 2021:	
Recognized in other comprehensive gains and losses (presented in “Unrealized valuation gains and losses on equity instrument measured at fair value through other comprehensive gains and losses”)	-
As of 31 December 2021	$13,997

Significant unobservable input value information at the Level 3 of the fair value hierarchy

The assets of the Company's fair value hierarchy are measured at the fair value. The significant unobservable inputs for fair value measurement are listed in the following table:

As of 31 December 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets:					
Through other comprehensive gains and losses as measured by fair value					
Stock	Cost method	Discount for lack of liquidity	35%	The higher the degree of lack of liquidity, the lower the estimated fair value	When the percentage of lack of liquidity increases (decreases) by 1%, the company's equity would decrease/increase by NT$140 thousand.

As of 31 December 2021:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity analysis of the relationship between input value and fair value
Financial assets:					
Through other comprehensive gains and losses as measured by fair value					
Stock	Cost method	Discount for lack of liquidity	35%	The higher the degree of lack of liquidity, the lower the estimated fair value	When the percentage of lack of liquidity increases (decreases) by 1%, the company's equity would decrease/increase by NT$140 thousand.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Valuation process used for Level 3 fair value measurements

The financial department of the Company is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured as per the Company's accounting policies at each reporting date.

(c) Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As of 31 Dec. 2022

	Level 1	Level 2	Level 3	Total
Listing only fair value assets:				
Investment properties (Details refer to Note 6(7))	$-	$-	$369,714	$369,714

As of 31 Dec. 2021

	Level 1	Level 2	Level 3	Total
Listing only fair value assets:				
Investment properties (Details refer to Note 6(7))	$-	$-	$314,917	$314,917

(10) Significant assets and liabilities denominated in foreign currencies

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

In NT$ thousands

	As of 31 Dec. 2022			As of 31 Dec. 2021		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Monetary assets						
Currency item						
US$	$4,667	30.7080	$143,314	$7,480	27.6900	$207,121
CN$	44,873	4.4175	198,226	48,821	4.3406	211,912
Monetary liabilities						
Currency item						
US$	$335	30.7080	$10,287	$421	27.6900	$11,657
CN$	36,859	4.4175	162,825	36,283	4.3406	157,490

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Due to the wide variety of individual functional currencies of the Company, it is not possible to disclose the exchange gains and losses information of monetary financial assets and financial liabilities in accordance with each significant foreign currency. The foreign exchange gains (losses) of the Company in the year of 2022 and 2021 were $28,244 and $4,630, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13 OTHER DISCLOSURE

(1) Information of significant transactions:

(a) Loans to others: None.

(b) Provision of endorsement and guarantees to others:

No.	Endorser/ guarantor (company name)	Endorsed/guaranteed party		Limit on endorsements/ guarantees provided for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount during the year	Outstanding endorsement/ guarantee amount at 31 Dec. 2021 (Note 3)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Company name	Relationship										
0	Taiwan Sakura Corporation	Svago International Corporation	Parent company and subsidiary	$1,983,526	$60,000	$30,000	$-	$-	0.53%	$1,983,526	Y	N	N
0	Taiwan Sakura Corporation	SAKURA Home Collection Co., Ltd.	Parent company and subsidiary	1,983,526	230,000	230,000	-	-	4.06%	1,983,526	Y	N	N

Note 1: If Taiwan Sakura Corporation provides guarantee endorsement to a single entity in which it directly or indirectly holds more than 50% of the voting shares, its endorsement guarantee limit shall not exceed 35% of the net value of the Company.

Note 2: The total amount of endorsement guarantees of Taiwan Sakura Corporation was limited to 35% of the net value as of 31 December 2022.

Note 3: The amount approved by the Board of Directors should be filled out. However, where the board of directors authorizes the chairman of the Board of Directors to determine the amount in accordance with paragraph 8, Article 12 of the Public Offering Group's Fund Loan and Endorsement Guarantee Processing Guidelines, the amount shall refer to the amount determined by the board.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(c) The holding of securities at the end of the period (excluding subsidiaries, affiliates and joint ventures):

Holding company	Type of securities	Name of securities	Relationship between issuer of securities and the Company	Account name	End of period				
					Number of shares / unit	Book amount	Shareholding ratio	Fair value	Note
Taiwan Sakura Corporation	Stock	Sakura Development Co., Ltd.	-	Financial assets measured at fair value through other comprehensive gains and losses - non-current	1,667,133	53,182	-	53,182	
Taiwan Sakura Corporation	〃	Han Sen Asset Management	-	〃	1,300,233	10,532	0.60%	10,532	
Taiwan Sakura Corporation	〃	Taichung International Recreation	-	〃	2	3,465	0.06%	3,465	
Taiwan Sakura Corporation	〃	Grand Hi-Lai Hotel	-	〃	784	-	-	-	
Taiwan Sakura Corporation	〃	Yamay International Development Co., Ltd.	-	〃	130	-	-	-	
				Total		$67,179		$67,179	

(d) Acquisition or sale of the same security with the accumulated amount exceeding NT$300 million or 20% of the Company's paid-in capital or more: None.

(e) Acquisition of real estate reaching NT$300 million or 20% of paid-up capital or more: None.

(f) Disposal of real estate reaching NT$300 million or 20% of paid-up capital or more: None.

(g) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of the paid-up capital or more. The details are as follows:

Company Name	Counter-party	Relationship	Transactions				Differences in transaction terms compared to third party transactions		Note and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Taiwan Sakura Corporation	Svago International Corporation	Subsidiary	Sales	$374,210	4.9%	3 months after monthly-closing	Product standard cost plus 5%	Regular	$39,275	3.5%	

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(h) Receivables from related party reaching NT$100 million than 20% of the paid-up capital or more: None.

(i) Engaged in derivatives trading: None.

(2) Information on investees:

(a) Names, locations, main business items, initial investment amount, shareholding at the end of the period, current profit and loss and the recognized investment income and loss: (excluding investees in mainland China)

Investor	Investee	Location	Main business items	Initial investment amount		Shares held as of 31 Dec. 2021			Investee company's current (loss) profit	Investment (loss) income recognized by the Company	Note
				Balance as of 31 Dec. 2022	Balance as of 31 Dec. 2021	Number of shares	Ownership (%)	Book value			
Taiwan Sakura Corporation	PUDA Industrial Co., Ltd.	No. 118, Section 2, Hefei Road, Haifengli, Qingshui District, Taichung City	Manufacturing and processing of strengthened plastic products; trading of sanitary ware, building materials equipment, machinery and car accessories, etc.	$101,000	$101,000	12,800,419	43.19%	$195,315	$7,929	$3,425	
Taiwan Sakura Corporation	Sakura Enterprise (B.V.I.) Ltd.	P.O.Box 3440, Road Town, Tortola, British Virgin Islands	Investment company	223,903	223,903	17,153,171	100.00%	1,634,014	104,441	104,441	
Taiwan Sakura Corporation	Svago International Corporation	No. 303, Section 4, Yatan Road, Daya District, Taichung City	Gas equipment, parts manufacturing and leasing business	657,882	657,882	11,959,750	100.00%	230,135	70,822	70,822	
Taiwan Sakura Corporation	SAKURA Home Collection Co., Ltd.	3F., No. 436, Sec. 4, Yatan Rd., Daya Dist., Taichung City	Interior decoration, electrical appliance installation, kitchenware and bathroom equipment installation project	250,000	150,000	25,000,000	100.00%	107,667	(50,134)	(50,134)	
Taiwan Sakura Corporation	SAKURA PAN 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%	100,870	(9,433)	(9,433)	

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) Information on major transactions of the investee company with control capabilities:

A. Loans to others: None.

B. Provision of endorsement and guarantees to others, the details are as follows:

No.	Endorser/ guarantor (company name)	Endorsed/guaranteed party		Limit on endorsements/ guarantees provided limit for a single party (Note 1)	Maximum outstanding endorsement/ guarantee amount during the year	Outstanding endorsement/ guarantee amount as of 31 Dec. 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/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	$187,957	$88,829	$67,525	$-	$-	17.96%	$451,097	N	Y	N

Note 1: The limit of the endorsement of a single enterprise by Svago International Corporation is no more than 50% of the net value of the company.

Note 2: The total amount of endorsement guarantees of Svago International Corporation is limited to 120% of its net value as of 31 Dec. 2022

C. The holding of Securities at the end of the period (excluding investment subsidiaries, affiliates and joint ventures):

The details of the securities held by Svago International Corporation at the end of the period are as follows:

Type of securities	Name of securities	Relationship between issuer of securities and the company	Account name	End of period				Note
				Number of shares / unit	Book value	Shareholding ratio	Fair value	
Stock	Taiwan Sakura Corporation	Parent company	Financial assets measured at fair value through other comprehensive gains and losses	2,312,932	$143,633	-	$143,633	
Stock	Sakura Development Co., Ltd.	-	〃	1,236,462	39,443	-	39,443	
Stock	Taichung International Recreation	-	〃	1	1,735	0.03%	1,735	
			Total		$184,811			

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

D. Acquisition or sale of the same security with the accumulated amount exceeding NT$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-up capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-up capital or more: None.

G. Purchase or sale of goods from or to related parties reaching NT$100 million or 20% of the paid-up capital or more. The details are as follows:

Company Name	Counter-party	Relationship	Transactions				Differences in transaction terms compared to third party transactions		Note and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Svago International Corporation	Taiwan Sakura Corporation	Parent company	Purchases	$374,210	70.14%	3 months after monthly-closing	Product standard cost plus 5%	Regular	$(39,275)	(43.20)%	

H. Receivables from related party reaching NT$100 million than 20% of the paid-up capital or more: None.

I. Engaged in derivatives trading: None.

Taiwan Sakura Corporation

Notes to Parent Company Only Financial Statements (continued)
(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(3) Information of investments in Mainland China:

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

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Sakura Bath and Kitchen Products (China) Co., Ltd.	Kitchen appliances	$1,413,600 (RMB320,000,000)	Investing in a third region to set up a company to reinvest in mainland companies	$371,898 (USD12,110,786)	$-	$-	$371,898 (USD12,110,786)	$157,618	44.39% (Note 3)	$69,967	$852,396	$1,209,387 (USD31,811,100) (RMB52,638,715)
Sakura Bath and Kitchen Products (Huanan) Co., Ltd.	Kitchen appliances and real estate leasing industry	429,912 (USD14,000,000)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	31,243	100.00%	31,243	411,728	-
Kunshan Hongyu Trading Co., Ltd.	Household appliances, electronic products, communication equipment	3,413 (USD111,159)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	652	100.00%	652	10,543	-
Kunshan Jingye Consulting Co., Ltd.	Corporate investment, management consulting services	2,118 (USD 68,977)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	395	100.00%	395	6,432	-
Kunshan Yuntian Trading Co., Ltd.	Household appliances, electronic products, communication equipment	1,811 (USD 58,961)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	347	100.00%	347	5,699	-

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

Investment company name in China	Main business items	Paid-up capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022
					Remitted to Mainland China	Remitted back to Taiwan						
Kunshan Haohui Consulting Co., Ltd.	Corporate image, corporate marketing, exhibition planning consultation	1,741 (USD 56,681)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	331	100.00%	331	5,413	-
Kunshan Zhanye Consulting Co., Ltd.	Business information consulting service	442 (RMB100,000)	Investing in a third region to set up a company to reinvest in mainland companies	-	-	-	-	27	100.00%	27	718	-

At the end of the period, the accumulated amount of remittance from Taiwan to Mainland China	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investment
$371,898 (USD 12,110,786)	$1,381,939 (US$45,002,573) (Note 1)	$3,400,330 (Note 2)

Note1: The investment amount approved by the MOEA is US$45,002,573 (excluding the amount of surplus remittance), of which US$13,800,000 and US$13,213,043 are the surplus investment of the third regional investment cause (B.V.I.) to reinvest Sakura Kitchen Products (Huanan) Co., Ltd. and Sakura Kitchen Products (China) Co., Ltd. US$1,995,100 are the surplus of the third regional investment business (i.e. B.V.I.) to invest in Kunshan Hongyi Trading Co., Ltd., Kunshan Jingye Consulting Co., Ltd., Kunshan Yuntian Trading Co., Ltd., Kunshan Haohui Consulting Co., Ltd. and Kunshan Zhanye Consulting Co., Ltd.

Note2: According to the regulations of the Investment Commission, Ministry of Economic Affairs, the investment limit of the Group to the mainland is 60% of its net value.

Note3: This is the overall shareholding ratio, including shareholding ratio of 2.78% in B.V.I., the shareholding ratio of 1.11% in Kunshan Honghu Trading Co., Ltd., Kunshan Jingye Consulting Co., Ltd., Kunshan Yuntian Trading Co., Ltd., Kunshan Haohui Consulting Co., Ltd. and Kunshan Zhanye Business Consulting Co., Ltd., and shareholding ratio of 40.50% in SAKURA (CAYMAN) CO., LTD., totaling 44.39%.

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated)

(b) For information on major transactions between the company and the mainland reinvestment company and its price and payment terms, please refer to Note 7.

(4) Information of major shareholders:

As of 31 Dec. 2022

Shares / Name	Ownership (Shares)	Ownership (%)
Fubon Life Insurance Co., LTD.	16,613,000	7.51%
Jin Rong Investment Co., Ltd.	14,200,501	6.42%
Yuan Chi Investment, Ltd.	13,311,536	6.02%
Ko Li Te Investment, Ltd.	13,268,176	6.00%
Chin Yeh Investment Co., Ltd.	12,194,000	5.51%

Taiwan Sakura Corporation

Lists of Key Accounting Item

For the year ended 31 December 2022

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Taiwan Sakura Corporation

1. Statement of cash and cash equivalents

Ended 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Summary	Amount	Footnote
Cash on hand		$994	
Cash in banks	Demand deposits - New Taiwan dollar	993,952	
	Demand deposits - foreign currency	143,682	USD$ 1,933 Thousand
			EUR$ 238 Thousand
			JPY$ 10,680 Thousand
			CNY$ 16,754 Thousand
			VND$ 14,743 Thousand
			USD$ 918 Thousand
	Time deposits - foreign currency	202,418	CNY$ 28,118 Thousand
Total		$1,341,046	

Taiwan Sakura Corporation

2. Statement of contract assets

Ended 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Client name	Summary	Amount	Footnote
Chyi Yuh Construction Co., Ltd.		$19,836	
Jin Jyun Construction Co., Ltd.		17,054	
Others		146,448	Note
Subtotal		183,338	
Less: allowance for losses		(196)	
Net amount		$183,142	

Note: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

3. Statement of notes receivable

Ended 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Client name	Summary	Amount	Footnote
Yingdong Co., Ltd.		$10,756	
Others		99,876	Note
Total		$110,632	

Note: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

4. Statement of accounts receivable

Ended 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Client name	Summary	Amount	Footnote
Ying-Qun Co., Ltd	Water heaters, gas stoves and range hoods	$139,058	
Ying Xin Xingye Co., Ltd.	Water heaters, gas stoves and range hoods	69,863	
Others		744,361	Note
Subtotal		953,282	
Less: allowance for losses		(21)	
Accounts receivable - related parties - net		40,547	
Finance lease receivable from related parties		6,473	
Less: unearned finance income due from related parties		(767)	
Net amount		$999,514	

Note: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

5. Statement of inventories

Ended 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Summary	Cost	Market price	Footnote
Raw materials		$352,852	$352,852	The method of net realizable value is provided in Note 4.9
Purchased goods		292,085	292,085	
Finished goods		267,420	386,063	
Work-in-progress		135,122	135,122	
Total		1,047,479	$1,166,122	
Less: allowance for market price decline		(3,105)		
Net amount		$1,044,374		

Taiwan Sakura Corporation

6. Statement of changes in investment accounted for using equity method

From 1 Jan. to 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Name	Beginning Balance		Additions		Disposals		Investment income (loss) recognized by equity method	Cumulative conversion adjustment	Unrealized gains and losses on financial assets	Unrealized gross profit between affiliates	Determined welfare plan actuarial profit and loss	Ending balance			Collateral
	Number of shares	Amount	Number of shares (Note 1)	Amount (Note 2)	Number of shares	Amount (Note 3)						Number of shares	Ownership	Amount	
Sakura Enterprise (B.V.I.) Ltd.	17,153,171	$1,510,668	-	$-	-	$-	$104,441	$18,905	$-	$-	$-	17,153,171	100%	$1,634,014	None
Svago International Corporation	11,959,750	215,516	-	8,326	-	(69,366)	70,822	-	5,685	(848)	-	11,959,750	100%	230,135	
PUDA Industrial Co., Ltd.	12,800,419	192,606	-	-	-	(3,200)	3,425	-	-	-	2,484	12,800,419	43.19%	195,315	
Sakura Home Collection Co., Ltd.	15,000,000	57,801	10,000,000	100,000	-	-	(50,134)	-	-	-	-	25,000,000	100 %	107,667	
SAKURA PAN PACIFIC HOLDINGS (SINGAPORE) PTE. LTD.	4,000,000	106,990	-	-	-	-	(9,433)	3,313	-	-	-	4,000,000	100%	100,870	
Total		$2,083,581		$108,326		$(72,566)	$119,121	$22,218	$5,685	$(848)	$2,484			$2,268,001	

Note 1: Taiwan Sakura Co., Ltd. increased the capital of Sakura Home Collection Co., Ltd. by cash in the current period of $100,000 thousand.

Note 2: In the current period, Topax received a cash dividend from Sakura shares, which was distributed at NT$3.6 per share.

Note 3: Topax issued cash dividends of $69,366 thousand dollars.

Taiwan Sakura Corporation

7. Statement of accounts payable

Ended 31 Dec. 2021

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Summary	Amount	Footnote
Kemflo International CO., LTD.		$81,265	
Stampro Metal Industry CO., LTD.		67,417	
Others		1,174,943	Note
Subtotal		1,323,625	
Accounts Payable - Related Parties		5,224	
Total		$1,328,849	

Note: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

8. Statement of lease liabilities

Ended 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Summary	Rental period	Discount rate	Balance	Footnote
Buildings	Storefront and warehouse	01/12/2016 ~ 14/10/2032	1.3%	$205,824	
Land improvement	Parking lot	01/10/2020 ~ 30/09/2026	1.3%	6,431	
Transportation equipment	Official vehicles	25/03/2019 ~ 30/06/2024	1.3%	1,767	
			Total	$214,022	
			Current	$40,140	
			Non-current	173,882	
				$214,022	

Taiwan Sakura Corporation

9. Statement of net operating income

From 1 Jan. to 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Quantity	Amount	Footnote
Kitchen appliances	466,619	$2,477,533	
Water heaters	335,436	2,256,531	
Kitchen cabinets	49,986	2,083,519	Note 1
Domestic sales products	183,220	488,242	
Others		265,776	Note 2
Net operating income		$7,571,601	

Note 1: Kitchen cabinets: 33,283 (sets) + 16,703 (not in set) = 49,986 sets

Note 2: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

10. Statement of operating costs

From 1 Jan. to 31 Dec 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Amount
Cost of goods sold	
Cost of self-produced goods	
Direct materials: beginning of year	$386,074
Add: Raw materials purchased	3,765,821
Less: Raw materials, end of year	(352,852)
Transferred to expense	(22,831)
Scraps	(7,268)
Sale of raw materials	(279,601)
Inventory shortage	(1,950)
Raw materials consumption	3,487,393
Direct labor	324,056
Manufacturing overheads (statement 11)	368,573
Manufacturing cost	4,180,022
Add: Work-in-progress, beginning of year	113,903
Work-in-progress purchased	121,864
Reversal of expense	3,107
Less: Work-in-progress, end of year	(135,122)
Scraps	(1)
Cost of finished goods	4,283,773
Add: Finished goods, beginning of year	133,882
Finished goods purchased	4,074
Less: Finished goods, end of year	(267,420)
Scraps	(2,168)
Finished goods shortage	(331)
Transferred to expense	(12,637)
Cost of self-produced goods	4,139,173
Add: Sale of raw materials	279,601
Subtotal	4,418,774
Cost of purchased goods	
Beginning of the year	228,221
Add: Purchased	826,033
Less: End of year	(292,085)
Transferred to expense	4,089
Scraps	(3,006)
Finished goods shortage	(443)
Cost of purchased goods	762,809
Add: Scraps	12,443
Inventory shortage	2,724
Less: Sale of scraps	(4,459)
Others	23
Subtotal	10,731
Total	$5,192,314

Taiwan Sakura Corporation

11. Statement of manufacturing overheads

From 1 Jan. to 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Amount	Footnote
Indirect labor	$126,321	
Depreciation	62,550	
Miscellaneous expenses	42,786	
Insurance	31,483	
Shipping fees	22,265	
Amortization	7,285	
Others	75,883	Note
Total	$ 368,573	

Note: The amounts that did not reach 5% of the account balance are listed in others.

Taiwan Sakura Corporation

12. Statement of operating expenses

From 1 Jan. to 31 Dec. 2022

(Expressed in Thousands of New Taiwan Dollars unless otherwise stated.)

Item	Selling and marketing expenses	Management and administrative expenses	Research and developmen t expenses	Expected credit losses	Total	Footnote
Salaries	$323,063	$171,408	$51,565	$-	$546,036	
Promotion fee	285,346	-	-	-	285,346	
Advertising fee	115,658	104	-	-	115,762	
Service fees	53,090	-	-	-	53,090	
Insurance	24,032	15,151	4,381	-	43,564	
Depreciation	21,430	11,534	1,822	-	34,786	
Miscellaneous expenses	11,740	20,273	1,071	-	33,084	
Entertainment fees	3,914	15,734	4	-	19,652	
Amortization	12,683	1,686	1,862	-	16,231	
Commissioned research fees	-	-	8,000	-	8,000	
Others	111,804	38,487	6,743	-	157,034	Note
Expected credit losses	-	-	-	(202)	(202)	
Total	$962,760	$274,377	$75,448	$(202)	$1,312,383	

Note: The amounts that did not reach 5% of the account balance are listed in others.