SUNSPRING METAL CORPORATION

2022

Annual Report

For more information on the Annual Report, please visit:
TWSE Website: http://mops.twse.com.tw
SUNSPRING METAL CORPORATION Website: http://www.sunspring.com.tw

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I. Spokesman or acting spokesman of the Company:

Spokesman
Name:Yung-Fu, Wu
Title: Assistant Vice President, Finance Division
Telephone: (04)2258-2062
E-MAIL：ir@sunspring.com.tw

Acting Spokesman
Name:Mei-hui, Lin
Title: Manager, Finance Department
Telephone: (04)2258-2062
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II. Address and telephone number of the company's headquarters, branch offices and factories:

Headquarter
Address: 22F. – 23F., No.386 , Shizheng Rd., Xitun Dist., Taichung City, Taiwan
Telephone: (04)2258-2062

CTSP Branch
Address: No.11 Keya Road, Daya District, Taichung City
Telephone: (04)2258-2062

Wuri Branch
Address: No.299 4A , Gaotie 1st Rd., Wuri Dist., Taichung City
Telephone: (04)2258-2062

Factory: N/A

III. Shares Transfer Agency:

Name: Department of Stock Transfer Services, Yuanta Securities
Address: B1F., No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City
Website: http://www.yuanta.com.tw
Telephone: (02)2586-5859

IV. The certified public accountants who duly audited the annual financial report for the most recent fiscal year:

CPA: Shao-Chun Wu and Li-Tung Wu
Accounting Firm: Deloitte & Touche
Address: 20F., No.100, Songren Rd., Xinyi Dist., Taipei City
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V. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: N/A

VI. Company's website address: http：//www.sunspring.com.tw

SUNSPRING METAL CORPORATION
Mission, Vision, and Core Values

Mission:

Sunspring is your most reliable source and is committed to perpetual innovation, integration & expansion through teamwork excellence

Vision:

To become the best solution provider and partner of choice in the global kitchen and bath market

Core Values: PRIDE: Pride in ourselves and Sunspring；always achieve the best

- Passion:

  We are proactive, self-motivated and enthusiastic for success
- Reliability:

  We consistently and accurately perform our duties and responsibilities under any circumstances
- Integrity:

  Our integrity defines our identity; we always adhere to high moral principles and professional standards
- Dedication:
  We are fully committed and devoted to achieving goals and value creation
- Excellence:
  We embrace challenges and relentlessly pursue excellence through teamwork from start to finish

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One. Letter to Shareholders

Welcome to the 2023 Annual General Shareholders' Meeting of the Company and thank you all for your support and care. The following is a summary of the Company's operating results for fiscal year 2022:

I. Operating results for 2022

(I) Performance of operations in 2022:

The Company's consolidated net operating revenues for 2022 were NT$8,236,787 thousand, representing a decrease of 15% from the previous year. This was due to the COVID-19 restrictions being gradually lifted, the congestion in the ports being alleviated, the decrease in consumption demand due to inflation and interest rate hikes in the U.S., and the decrease in customer shipments to lower inventories. In addition, the depreciation of RMB and NTD against USD and the optimization of product sales combination had a positive impact on the Company's gross margin; therefore, the consolidated gross margin increased to 17%, an increase of 15% as compared to the previous year.

The decrease in operating expenses of NT$162,047 thousand in 2022 was mainly due to the decrease in air freight charges associated with accelerated transportation, resulting in an increase in operating income of NT$702,277 thousand, an increase of 26%; in addition, non-operating income increased by NT$281,430 thousand due to the foreign exchange gain from the depreciation of the renminbi against the USD and the proceed from the disposal of the office in City Center Plaza.

As a result, the consolidated net income for FY2022 was NT$737,129 thousand, representing a 69% increase over the previous year.

(II) Financial Budget:

The Company did not make its 2022 financial forecast.

(III) Operation and profitability analysis:

Unit: NT$ thousand

Account	2022		2021	
	Amount	%	Amount	%
Net sales	8,236,787	100.00	9,637,943	100.00
Operating cost	6,873,711	83.45	8,255,407	85.66
Gross profit	1,363,076	16.55	1,382,536	14.34
Operating expense	660,799	8.02	822,846	8.54
Operating income	702,277	8.53	559,690	5.80
Non-operating expenses & income	253,839	3.08	(27,591)	(0.29)
Income before income tax	956,116	11.61	532,099	5.51
Income tax expense	218,987	2.66	96,270	0.99
Net income	737,129	8.95	435,829	4.52

1. 2022 consolidated revenues decreased of 15% from the previous year. This was due to the COVID-19 restrictions being gradually lifted, the congestion in the ports being alleviated, the decrease in consumption demand due to inflation and interest rate hikes in the U.S., and the decrease in customer shipments to lower inventories.
2. 2022 consolidated gross margin increased to 17%.This was due to the depreciation of RMB and NTD against USD and the optimization of product sales combination had a positive impact on the Company’s gross margin.
3. 2022 consolidated operating expenses decreased of NT$162,047 thousand from the previous year. This was due to the decrease in air freight charges associated.
4. 2022 consolidated non-operating income increased of NT$281,430 thousand from the previous year. This was due to the foreign exchange gain from the depreciation of the renminbi against the USD and the proceed from the disposal of the office in City Center Plaza.
5. 2022 consolidated income tax expenses increased NT$122,717 thousand from the previous year, mainly because of the increase of pre-tax profits.

(IV) Status of Research and Development:

The Company’s R&D performance in 2022 is as follows:

1. Number of developed tooling casts (only for zinc die-casting tool, brass casting tool and hydro forming tool, excluding brass forging tool, bending tool, stamping tool and sand core tool)︰90sets
2. New finish development: 1 finishes
3. New manufacturing technology development︰Continuing to introduce the integrated cell automation, and manual & hybrid assembly lines.

Chairman: Ching Chi, Yang, Manager: Ching Chi, Yang Accountant: Yung Fu, Wu

II. Summary of the business plan for 2023

(I) Business policy/objective:

1. Delivery Service
   - 1-1 On Time > 99%
   - 1-2 Fill Rate > 99%
   - 1-3 Advance Production Completion Rate > 98%
   - 1-4 Air Freight Expense (Shipment Delay) < US$30,000
2. Product Quality
   - 2-1 Less than 5 QN / QA for Each Customer per month
   - 2-2 PPM< 1,500pcs
   - 2-3 Return Rate (in piece) < 0.8%
   - 2-4 Air Freight Expense (Product Quality Complaint) < US$30,000
   - 2-5 Expense from Customer Complain about Product Quality Issue (Include Fully Inspection / Rework Fee, Administrative Fines from Customer Complain, Express Delivery Fee for Defective Products, Charge Fee from Customer for Defective Products) < US$180,000
3. New Product Development

   TMO-ITC / CMO:
   - 3-1 First Time PPAP Successful Rate > 96%
   - 3-2 PPAP On Time Submission > 96%
   - 3-3 Development Lead Time < 56 Days, Completion Rate = 100%

   TMO-SAT:
   - 3-1 First Time PPAP Successful Rate > 98%
   - 3-2 PPAP On Time Submission > 98%
   - 3-3 Development Lead Time < 63 Days, Completion Rate = 100%
4. Minimum Monthly Product Demand Orders

   TMO-ITC / CMO Zinc / Brass Products Minimum Request: Monthly Sales Volume is 5,306,000 pcs

   TMO-SAT Assembly Products Minimum Request: Monthly Sales Volume 220,000 pcs
5. Inventory Management
   - 5-1 Inventory Turnover Days < 70 Days
   - 5-2 Aging Inventory (Amount)
     - 5-2-1 FG Inventory Aged More Than 180 Days < 15% of Total FG Inventory
     - 5-2-2 FG Inventory Aged More Than 90 Days < 30% of Total FG Inventory

6. Expense Management
    - 6-1 Overhead Expense Reduction Ratio (Overhead Expense / Net Sales) > 5% Reduction (Prior YTD vs Current YTD)
    - 6-2 Selling Expense Reduction Ratio (Selling Expense / Net Sales) > 5% Reduction (Prior YTD vs Current YTD)
    - 6-3 G&A Expense Reduction Ratio (G&A Expense / Net Sales) > 5% Reduction (Prior YTD vs Current YTD)
    - 6-4 R&D Expense Reduction Ratio (R&D Expense / Net Sales) > 5% Reduction (Prior YTD vs Current YTD)
7. New Manufacturing Technology Development and Improvement
    - 7-1 New Product Demand Orders:
        - 7-1-1 Z Zinc: By CSF Business Division > 68,000 pcs
        - 7-1-2 Brass: By CSF Business Division > 27,000 pcs
    - 7-2 New Product Development: (Zinc Die Casting / Brass Casting / Hydro-Forming Tools) Monthly Minimum Request > 21 Each
    - 7-3 New Finishes Development: Annual Minimum Request > 2 Finishes
    - 7-4 New Manufacturing Technology Development: Annual Minimum Request > 1 New Manufacturing Technology
8. Sales Return & Discount (Credit Memo) Management
    - 8-1 Sales Return & Discount < 0.8%
9. Accounts Receivable (AR) Management
    - 9-1 AR Turnover < 90 Days
    - 9-2 AR Overdue < 21 Days & Numbers of Customers < 1
    - 9-3 AR Overdue Rate < 20%
10. Supply Chain Management
    - 10-1 Supplier Delivery Service: On Time ≧ 98%
    - 10-2 Supplier Delivery Service: Fill Rate ≧ 98%
    - 10-3 PO Delivery Date Modification Rate ≦ 10%
    - 10-4 Number of QN / QA for Each Supplier Per Month ≦ 3 QN / QA

(II) Expected sales volume:

Unit: thousand pieces

Main product	Sales volume
Faucet parts	43,241
Faucet assemblies	2,468
Others	3,906
Total	49,615

The above forecast is based on the sales figures in 2022, the projected growth of new products being developed in 2023, and customer forecasts.

(III) Important production and sales policies:

1. The “Customer Value Proposition” of the Company is:
   Delivering world-class quality products at lower total costs with the promise of excellent customer service from start to finish & becoming our customers’ most reliable & proactive strategic partner.
   - Industry leader in customer service, innovation and technology
   - Respond within 24 hours to any customer inquiry
   - Comply with 100% on-time delivery of information & product to our customer
   - Responsiveness to market changes

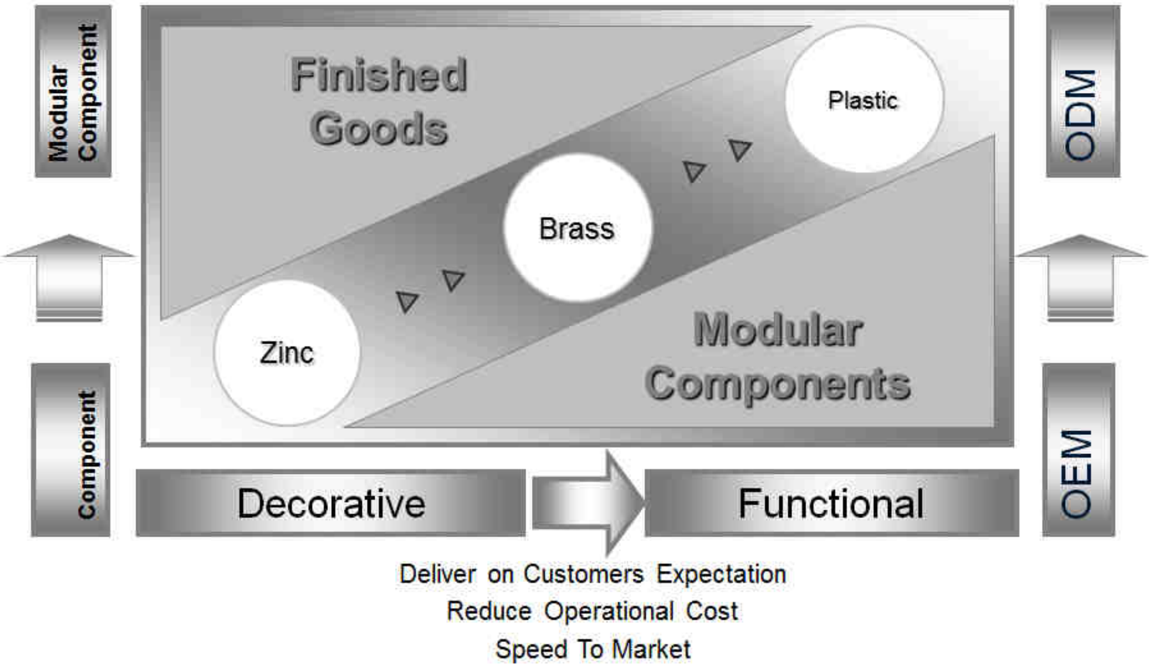
2. Our “Product Quality Principle” are:
   Continuous improvement to satisfy our customers by always providing defect-free products from start to finish.
3. In accordance with the Company’s “Customer Value Proposition” and “Product Quality Guidelines,” the Company’s important production and marketing policies at this stage are as follows:
   - We will expand our production bases/warehouses in Europe and the U.S. in response to customer requests, in order to serve our customers locally, shorten the delivery time and obtain new product development and production technologies quickly.
   - The key raw materials of the Group are controlled by the Company through centralized procurement in order to reduce procurement costs and to control the quality of raw materials.
   - We continue to develop new products, new colors, surface treatment capabilities and new processes.
   - Cooperate with customers to develop new products and enhance ODM capability.
   - Develop supplier management-oriented operations in the supply chain, improve warehouse logistics, and strengthen production and sales coordination.

III. Future development strategy of the Company

The Company's operational development strategy is to successfully construct all brass molding processes by developing the operational foundation established in zinc products, together with our superb mold design and manufacturing capabilities. We plan to gradually move into plastic products in the future. Meanwhile, we will gradually step into the manufacturing of functional parts from the manufacturing of external parts. We will also develop new products with our customers in order to develop and enhance our ODM capability. We will gradually extend our services from parts and components to manufacturing services and finished product assembly services, and become a full-service provider to meet the needs of our customers for one-stop shopping.

Business Strategy

Be the "Solution Provider" in Zinc, Brass, Plastic



IV. Effect of external competition, the legal environment, and the overall business environment

The Company is committed to continuous innovation, integration and growth, and strictly follows local environmental safety and health regulations. The Company has been investing in environmental protection and personal protection equipment at each plant based on the sustainable development policy. We are also fulfilling our responsibilities as a global citizen by meeting the various emission requirements stipulated by local laws and regulations and protecting the environment and ecology.

In order to meet the requirements related to work, environmental protection and occupational safety and health in the local area, we have built new facilities for air pollution, water pollution and solid waste treatment, such as process waste reduction and water recycling, dust collection facilities, low-noise equipment and safety protection equipment for workplaces. At the same time, we also set up a communication and interaction mechanism with the residents in the community around the factory to actively improve the impression among the surrounding residents. In addition, the Company is working on various initiatives to save energy and reduce emissions and recycle resources, effectively promoting the recycling of natural resources, the use of energy-efficient electrical facilities, and the conversion of fuel oil to natural gas for cleaner production. China plant has been honored with the following awards: Advanced Enterprise Award for Safety Production Standardization, Peaceful Creation Demonstration Enterprise Award, Advanced Enterprise Unit for Safety Production Work, Certificate of Conformity for Metrology System, Clean Production Enterprise, Environmental Integrity Enterprise and Water Conservation Enterprise Award. Taiwan plant has been honored by the Water Resources Agency of the Ministry of Economic Affairs for its outstanding performance in water conservation and the Central Taiwan Science Park Bureau of the Ministry of Science and Technology for its outstanding performance in waste reduction and resource recycling.

In addition, the Company is also actively engaged in improving the working environment for its employees and enhancing the occupational safety and health management to meet its social responsibility requirements.

In terms of the external competitive environment and overall business environment, as the major faucet manufacturers in Europe and the U.S. have shifted their demand for parts production and finished product assembly to Asia due to cost concerns, however, due to the consideration for long-distance cross-sea transport and geopolitical risks, we additionally assessed the feasibility of local short supply chains. it is expected that the short-term production of parts and finished products of Asian faucets will remain stable or grow under the stable growth in consumer demand in Europe and the U.S. and the outsourcing effect. Based on service performance, manufacturers who can provide stable quality, effective cost control, complete process capability and fast delivery service will be the first choices for partners of the leading brands in Europe and America.

The Company has comprehensive process capabilities (zinc die-casting, brass low-pressure casting and gravity casting, brass forging, brass CNC machining and brass bending), highly automated (robot arm die-casting and polishing equipment, automatic polishing tumbling and fully automatic electroplating equipment), and complete surface treatment technology (general chemical plating color development, PVD vacuum coating equipment and powder and liquid coating equipment). And we are the first to build integrated automatic production system and faucet assembly production line, with our own mold development capability, and effective allocation of production, distribution and R&D bases, to greatly improve customer service performance. Therefore, we have become the main target of strategic partners in the integrated supply chain of components and finished product assembly for major faucet brands in Europe and America.

Chairman Ching, Chi, Yang

Two. Company Overview

I. Date of Incorporation: July 9, 1984

II. Company History

Year	Content
1984	SUNSPRING METAL CORPORATION was incorporated with a total capital of NT$2,000 thousand.
1986	Developed electroplating production line.
1997	Received the Supplier Achievement Award from Moen.
	The major shareholder established Sunspring Industrial Ltd. (SSI) in Zhaoqing City, Guangdong Province.
1999	The Company is certified with ISO 9001:1994 Quality Management System.
	Received the Supplier Achievement Award from Moen.
	Set up SHQ in Taichung in line with the government’s policy and operational needs to stay in Taiwan
2000	SUNSPRING Industrial Ltd. (SSI) certified with QS 9000 Quality Management System
2001	Introduced PVD process (vacuum coating surface treatment) and successfully developed products in different colors to increase the added value of products.
	Received the President’s Achievement Award from Moen.
	Our major shareholder established a warehouse and distribution center (SNA) in the west coast of the United States in California.
2002	In response to the company’s future international development needs, the company began to introduce the Oracle system to integrate the various resources and utilization systems of the company, and to strengthen the company’s capability of using various resources.
	Introduced automated robotic polishing process to reduce labor cost and increase production capacity.
	Received the Innovative Supply Chain Partner and Outstanding Achievement in Innovation Award from Moen.
	Received the Innovation Award from Moen.
	Our major shareholder established a warehouse and distribution center (SNC, a branch of SNA) in the east coast of the United States in North Carolina.
2003	Increased capital by $100,000 thousand in cash, resulting in a total paid-in capital of $280,000 thousand.
	Acquired 100% equity of Sunspring North America, LLC (SNA) through Sunspring Holding Corp. (SSH) in response to business development needs. SNA is mainly engaged in warehousing and distribution services. The acquisition of SNA’s equity will help the Company to strengthen its distribution system in the United States and enhance its sales capacity in North America.

Year	Content
	SSI is certified with ISO 9001:2000 Quality Management System.
2004	Increased capital of $22,400 thousand through retained earnings and $120,000 thousand in cash.
	Our major shareholder established Sunspring Metal (Zhuhai) Corp.(SSZ) in Zhuhai, Guangdong Province.
	The Company acquired 77% equity of Sunspring International Corp. (SIC) through SSH in response to the Company’s future business expansion need. The Company indirectly invested in SSZ, which engages in the manufacturing, processing and sales of faucet parts, bathroom parts and kitchen parts.
	The Company acquired 53% equity of Golden Faith International Corp. (GFI) through SSH in response to the Company’s future business expansion need. The Company indirectly invested in SSI, which engages in the manufacturing, processing and sales of faucet parts, bathroom parts and kitchen parts.
	Increased capital by $440,000 thousand through capital reserve and $37,600 in cash, resulting in a total paid-in capital of $900,000 thousand.
	Introduced brass gravity casting process to increase product diversity.
	Received the Cost Improvement Award from Moen.
	Received the New Products Award from Moen.
	Received the New Products Development Supplier of the Year award from Kohler Co.
	SSI received the Finish Laboratory Certification from Kohler Co.
2005	SSZ is certified with ISO 9001:2000 Quality Management System.
	Introduced brass low pressure casting process to increase product diversity.
	Introduced powder coating surface treatment process and successfully developed products in different colors to increase the added value of products.
	Received the Best Performance Supplier from Moen.
	SSI received the Finish Laboratory Certification from Kohler Co.
	Due to the division of professional labor and efficient use of resources worldwide, the Taiwan plant ceased production in August.
2006	Introduced automatic polishing equipment from Spain to improve product stability and increase production capacity.
	SSI received the Finish Laboratory Certification from Moen
	SSI received the Finish Laboratory Certification from Kohler Co.
	Increased capital of $171,450 thousand through retained earnings and $15,000 thousand in cash, resulting in a total paid-in capital of $1,329,450 thousand.
	The Company acquired 100% equity of Sunspring America Inc. (SSA) through Sunspring North America Holding Corp. (SNAH) in response to the Company’s future business expansion need. The Company would be able to engage in the manufacturing, processing and sales of faucet parts, bathroom parts and kitchen parts.

Year	Content
	SSI is certified with ISO 14001:2004 Environmental Management System.
	The shares were listed in the public market.
	The stock is listed in Emerging Markets.
2007	Increased capital by $236,000 thousand in cash, resulting in a total paid-in capital of $1,565,450 thousand.
	The Company increased its investment in GFI by 41.55% through SSH and indirectly invested in SSI in response to business development needs.
	As of the end of April 2007, the Company indirectly held 100% of SSI’s equity.
	Received the Corporate Operation Headquarters certificate issued by the Industrial Development Bureau of the Ministry of Economic Affairs.
	SSI and SSZ received the Finish Laboratory Certification from Delta.
	The Company has acquired certain operating assets and liabilities (SST) of H&H Tube & Manufacturing Company through SSA in order to expand our market share and improve production technology in North America. The Cheboygan plant was certified with ISO 9001:2000 and ISO 14001:2004 in 2005, and the Vanderbit plant was certified with ISO 9001:2000 in 2006.
	SSZ is certified with ISO 14001:2004 Environmental Management System.
	SSZ is certified with OHSAS 18001:1999 Occupational Safety and Health Management System.
	Honored as Supplier of the Year by Black & Decker.
	Received the Design Excellence Award from American Standard.
	Increased capital of $135,700 thousand in cash, resulting in a total paid-in capital of $1,701,150 thousand; the shares were listed and traded on the Taiwan Stock Exchange.
2008	For the purpose of maintaining the company’s credit and shareholders’ rights, the Company issued treasury stock (from November 30, 2007 to January 25, 2008) and reduced the capital by $57,810 thousand, resulting in a total paid-in capital of $1,643,340 thousand.
	The Company indirectly invested in SSZ by increasing its investment in SIC by 20.92% through SSH in response to the business development needs. As of the end of March 2008, the Company indirectly owned 100% of the SSZ’s equity.
	Received the Partners in Business American Standard Brands and Sunspring Metal Corporation Award from American Standard.
2009	In order to simplify the investment structure, the operating functions of SNA are merged into SSA, so SNA handles dissolution and liquidation.
	SSZ is certified with ISO 9001:2008 Quality Management System.
	SSZ is certified with OHSAS 18001:2007 Occupational Safety and Health Management System.
	SSI is certified with ISO 9001:2008 Quality Management System.
	SST is certified with ISO 9001:2008 Quality Management System.
2010	Received the “Golden Torch Award for the Top Ten Enterprises of the Year” from the Outstanding Enterprise Manager Association of the Republic of China.

Year	Content
	Received the "Golden Peak Award of Outstanding Enterprises of the Year" from the Outstanding Enterprise Manager Association of the Republic of China.
	SST received the 2010 Tube and Pipe Journal Award from Tube and Pipe Association.
	SST received the 2010 Safety Honorable Mention Award from Fabricators & Manufacturers Association.
	SST has been granted a patent by the NSF for the manufacturing process of drinking-grade pipe connectors.
2011	Cancelled 1,334 thousand shares of treasury stock, resulting in a total paid-in capital of NT$1,630,000 thousand.
	Certified with ISO 20000 information management service.
	SSI and SSZ were awarded as Cleaner Production Enterprises in Guangdong Province.
2012	SSI was honored as an advanced energy-saving unit in Zhaoqing City.
2013	Received "Partner in New Products-2012" and "Preeminent Partner of the Year-2012" from MOEN, USA.
	SSI is certified with OHSAS 18001:2007 Occupational Safety and Health Management System.
2014	Received "Excellent Delivery Supplier Award-Y2013" from DELTA, USA.
	Received A+ grade in the 11th "Information Disclosure and Transparency" evaluation for listed companies.
	Received a certificate of appreciation for the on-time product delivery from TOTO Japan.
	SSI was awarded the Outstanding Enterprise of the Year for the harmonious labor relations.
	SSI was awarded as the Outstanding Enterprise of the Year in economic efficiency.
	Certified with ISO/IEC 20000-1:2011 Information Service Management System.
	Certified with "Corporate Governance System CG6009 General Assessment" by the Taiwan Corporate Governance Association.
	Honored as Partner in Excellence (2013) by Moen USA.
	SSZ was awarded as an advanced enterprise in Jinwan District for promoting the disables employment.
2015	SSI was awarded the Outstanding Enterprise of the Year in import and export.
	SSI was awarded as the Outstanding Enterprise of the Year in economic efficiency.
	SSI was awarded "Zhaoqing City 2014 Advanced Enterprise in Cross-border renminbi Exchange."
	SSI received the "2014 Taxpayer Credit Grade A" award.
	SSI is certified by Kohler YR 2015 Laboratory in the USA.
	Established CSTP Branch.

Year	Content
	Established SUNSPRING AUTOMATION CORPORATION (SAC).
	Received A+ grade in the 12th “Information Disclosure and Transparency” evaluation for listed companies.
	The Company was ranked between 6% and 20% in the first “Corporate Governance Evaluation” for listed companies.
	Received “Excellent Delivery Supplier Award-Y2014” from DELTA, USA.
	Received “Partner of the Year 2014” and “Partner in New Products 2014” from MOEN, USA.
2016	SSI was awarded the certificate of “Qualified Certificate of Metrology System” by Zhaoqing Quality and Technical Supervision Bureau.
	SSI was awarded the “2015 Advanced Enterprise Production Safety Work Unit” by Zhaoqing City Safety Production Supervision Administration.
	SSI was awarded “2015 Outstanding Enterprise in Import and Export,” “2015 Outstanding Enterprise in Capital Increase and Expansion” and “2015 Outstanding Enterprise in Peace Creation” by Zhaoqing High-tech Zone Management Committee.
	Received “Excellent Delivery Supplier Award-Y2015” from DELTA, USA.
	SSI was awarded as Cleaner Production Enterprises in Guangdong Province.
	SSI was awarded “Zhaoqing City 2015 Advanced Enterprise in Cross-border renminbi Exchange.”
	SSI received KOHLER laboratory accreditation
	Awarded a certificate of audit approval for the PPAP delivery process (HG770) by Hansgrohe Germany.
	Passed the ISO/IEC 20000:2011 Information Service Management System conversion certification.
	Our SHQ/ITC1 has been initially certified as an “ISO 9001:2008” quality management system.
2017	Received the Partner of the Year 2016 award from Moen, USA.
	SSI was awarded “Zhaoqing Environmental Integrity Enterprise” by Zhaoqing Environmental Protection Bureau.
	SSI was awarded the “Standardized Safety Production” certificate by Zhaoqing Safety Production Association.
	Received “ISO 9001:2015” quality management system conversion certification and “ISO 10002:2014” customer complaint management system first certification. Received the first certification of “ISO 14001:2015” environmental management system, “OHSAS 18001:2007” occupational safety and health management system, and “ISO 50001:2011” energy management system.
	SSI is certified with “OHSAS 18001:2007” Occupational Health and Safety Management System, “ISO 14001:2015” Environmental Management System, “ISO 9001:2015” Quality Management System and “ISO/IEC 20000:2011” Information Service Management System.
	SSZ is certified with “OHSAS 18001:2007” Occupational Health and Safety Management System, “ISO 14001:2015” Environmental Management System, “ISO 9001:2015” Quality Management System, and “ISO/IEC 20000:2011” Information Service Management System.
	Awarded the bronze medal of TTQS Enterprise Organization Edition of

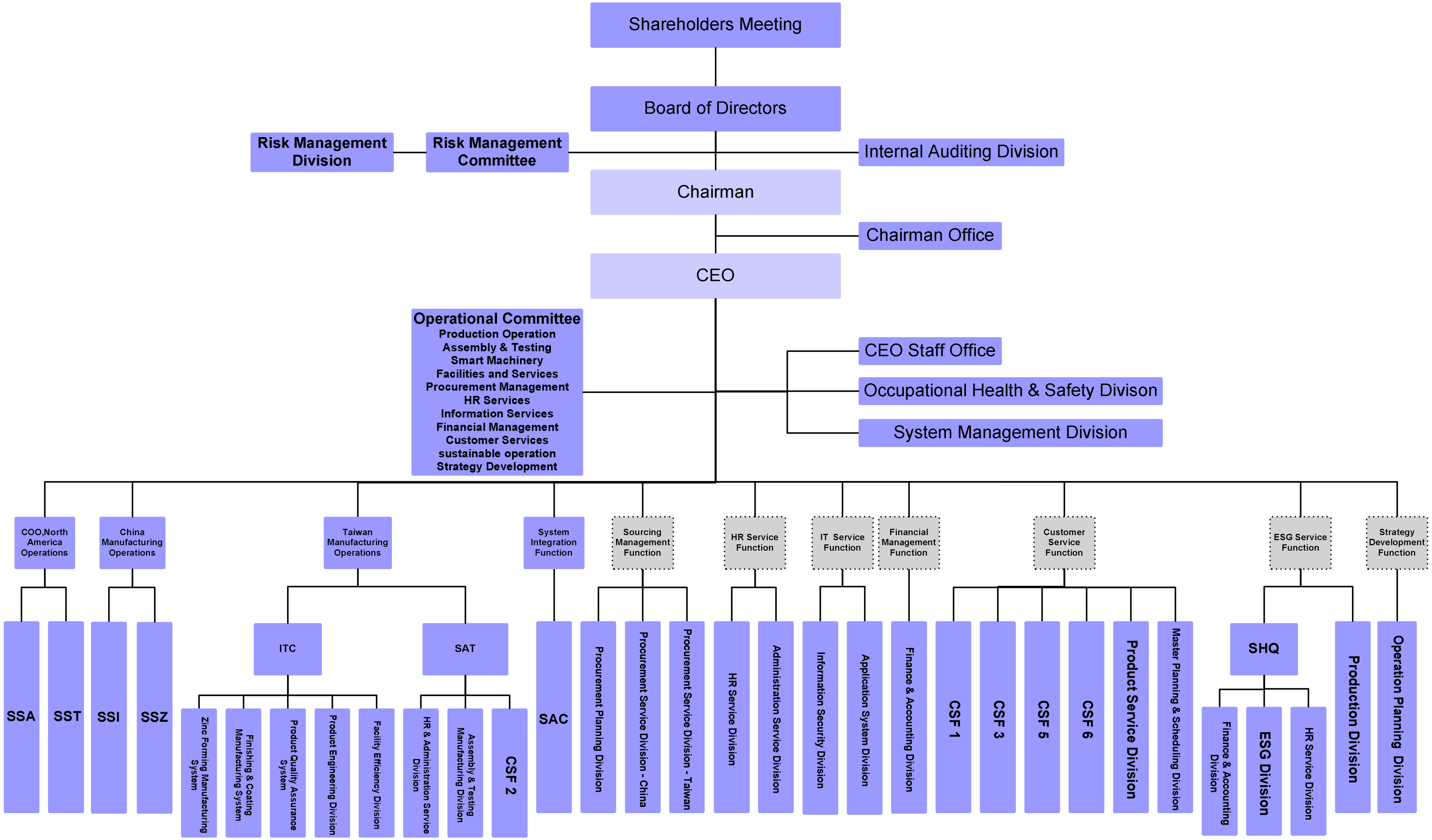
Year	Content
	Manpower Development Quality Management System by the Department of Labor Development, Ministry of Labor.
2018	Initially certified with “ISO/IEC 27001:2013” information security management system.
	Received the Partner of the Year 2017 award from Moen, USA.
	Passed the first audit of the U.S. FBHS Global Citizenship Policy’s Supplier Code of Conduct.
	Awarded by the Water Resources Agency of the Ministry of Economic Affairs as an excellent unit in water conservation and an industry group with excellent performance in water conservation.
	SSI was awarded the 2017 Guangdong Demonstration Enterprise for Law, Order and Culture Construction.
2019	Awarded the 2019 Waste Reduction and Resource Recycling Merit Award by the Central Taiwan Science Park Bureau, Ministry of Science and Technology.
	Received the Badge of Accredited Healthy Workplace by the Health Promotion Administration, Ministry of Health and Welfare, Taiwan.
	Received a Certificate of Appreciation for Clinical Service Practice from the Taiwan Environmental and Occupational Medicine Association.
	Passed Black & Decker CSR audit.
	Awarded the bronze medal of TTQS Enterprise Organization Edition of Manpower Development Quality Management System by the Department of Labor Development, Ministry of Labor.
2020	Established Wuri Branch.
	Certified with “ISO 10002:2018” for Customer Complaint Management System.
	Received the “ISO 45001:2018” for Occupational Safety and Health Management System (OSHMS) certification.
	Received “ISO 50001:2018” for Energy Management System Conversion Certification.
2021	Increased capital by $369,800 thousand in cash, resulting in a total paid-in capital of $1,999,942 thousand.
	Awarded the silver medal of TTQS Enterprise Organization Edition of Manpower Development Quality Management System by the Department of Labor Development, Ministry of Labor.
2022	Won the Top 500 Excellent Exporters/Importers 2021 by the Bureau of Foreign Trade, Ministry of Economic Affairs.

Three. Corporate Governance Report

I. Organization

(I) Organization

February 28, 2023



(II) Tasks of the principal divisions:

Department	Main responsibilities
Risk Management Division	【Risk Management】 ➢ Set up risk management mechanism. Plan and promote risk management activities. Develop risk management culture and awareness. Oversees the external risk.
Internal Audit Division	【Internal Audit and Control】 ➢ Control and manage the audit function. Manage the audit function for new business.
Chairman Office President's Office (CEO Staff Office)	➢ Responsible for assisting in scheduling, paperwork, project promotion, and administrative works.
Operational Committee	➢ The CEO authorizes the matters related to production operation, smart machinery, facility service, procurement management, HR service, IT service, financial management, customer service, and strategy development according to the operational management needs.
Occupational Health & Safety Divison	【Occupational Safety and Health System Management】 ➢ Occupational safety and health management system maintenance. Develop and maintain occupational safety and health system rules and regulations. OSHA regulations comply with identification management. Occupational safety and health certificate management. Plan and implement occupational safety and health education and training courses. Occupational disaster investigation and improvement tracking. Implementation and improvement tracking for operational environmental monitoring planning. Plan and implement emergency response mechanisms. Hazardous chemical management. Health management and promotion. Construction/special operation control by contractor. Check the production machinery and equipment and track the improvement process. Design and promote various safety and health projects. Evaluate the function of personal protective equipment/emergency response equipment. 【Fire Management】 ➢ Develop and maintain fire management system rules and regulations. Maintain the firefighting equipment and file annual maintenance reports.
System Management Division	【International standard system (including customer supply system certification) development】 ➢ Prepare system operation plan/internal & external audits/management review & replacement/implementation of system introduction/system compliance assurance/versions & clauses/regulations and customer standards/standard system optimization development/system policy/system process/system audit program/system measurement/system input/output/continuous improvement. 【Maintain the international standard system】 ➢ Set system performance goals/system objectives/continuous improvement goals/system effectiveness assurance/system process compliance and monitoring audit/audit non-conformance improvement implementation/system implementation audit/internal audit and management review output reporting.

Department	Main responsibilities
North America Operations China Manufacturing Operations	【Product Development】 ➢ Product value engineering. Process Certification. Mold development. SIP Management. 【Production Management】 ➢ Throughput, yield, and loss management. Activation management. Process improvement. SOP Management. Equipment maintenance. 【Quality Control】 ➢ Quality assurance system maintenance. Quality control technology development. SIP Management. Quality control management. Laboratory accreditation. 【Business Management】 ➢ Production capacity planning. Production and sales coordination. Production demand planning. Lead time management. Manufacturing order management. Storage and transportation management. 【Procurement Management】 ➢ Implement the procurement policy. Raw material lead time management. Supplier evaluation. Purchasing operation management. 【Financial Management】 ➢ Annual budget management. General Ledger Accounting. Cost Accounting. Taxation. Customs management. Petty Cash Management. Certification management. 【HR Management】 ➢ Payroll management. HR administration. Occupational competency trainings. Customer and supplier CSR system maintenance. 【General Affairs and Administration】 ➢ Fix Assets Management. Utilities management. Meals and environment management. Public safety management. Emergency response. Document management center. 【Environmental Safety and Health Management】 ➢ Safety production management. Clean production management. Occupational Health Management. Energy saving and consumption reduction management. 【IT Management】 ➢ Server room management. Cyber security management. Copyright management. Network maintenance. Hardware maintenance. Communication management.
Taiwan Manufacturing Operations Smart Machinery Center	【Mold and Die Manufacturing】 ➢ Development of molds for each process and automatic production of molds. Mold maintenance. 【Forming process】 ➢ Emerging advanced process technologies. Process automation & standardization. Forming process type. Operation and maintenance of the ISO 13053 Six Sigma management system. 【Surface Treatments】 ➢ New appearance surface treatment process ability. New appearance surface treatment color. Appearance surface treatment process type. Operation and maintenance of the ISO 13053 Six Sigma management

Department	Main responsibilities
	system. 【Assembly and Testing】 ➢ Assembly and testing process capabilities. Process automation & standardization. Assembly and testing process type. Operation and maintenance of the ISO 13053 Six Sigma management system. 【Quality assurance system development】 ➢ Quality assurance system development. Quality control technology development. Process Certification. Laboratory accreditation. ISO 9001 quality management system operation and maintenance. ISO 10002 customer complaint management system operation and maintenance. 【Product Development】 ➢ ISO/TS 16949 quality management system operation and maintenance. Operate and maintain PDM product data management system. New product development. Product value engineering. Product Lifecycle Management (PLM). 【Production Capacity Planning】 ➢ Support process development/color development/product planning/product development/PLM management functions. Operation and maintenance of the ISO 13053 Six Sigma management system. Production resource planning. Production OEE. Capacity load analysis. 【Storage Materials Management】 ➢ Inventory operations. Automatic warehousing operation and maintenance. Transportation scheduling for inter-warehouse transfers. Production scraps management. Material demand and production consumables management. Management of excess and obsolete materials and inventory. 【Balance of production and sales】 Balance between the production and sales. DPS & MPS. Lead time service management.
Procurement Planning Division Procurement Service Division	【Supply Chain Planning】 ➢ Analyze the market dynamics of raw materials. Procurement strategy development. Raw material storage and transportation strategy development. Draft raw material inventory policy. Supply chain integration. 【Procurement Management】 ➢ Implement the procurement policy. Supplier evaluation. Supplier contract management. Requisition/procurement operation management. Centralized inquiry/pricing.
HR Service Division Administration Service Division	【HR Planning】 ➢ Organizational structure management. Strategic manpower planning. Recruiting and dismissal management. Employer Brand. Employee (labor–management) relations. Competence management. Talent management. Career development. Performance management. Educational training. Overall reward management. Executive compensation management. Compensation management for stationed personnel. HR system management. 【Regulations Development】 ➢ Standardized rules and regulations development. Organize operational

Department	Main responsibilities
	function development. Incident notification system management. Seal and certificate management. Fix Assets Management. Knowledge Bank Platform Development. 【General Affairs and Administration】 ➢ Fix Assets Management. Business vehicle management. General affairs and administrative management.
Information Security Division Application System Division	【Cyber security management】 ➢ Information security policy planning, design, and auditing. ISO 27001 information security management system operation and maintenance. ISO 20000 information service management system operation and maintenance. Copyright management. Firewall/enterprise virtual network/backup, recovery mechanism management. 【Information Equipment Service】 ➢ Standard specification planning for information, communication, and video equipment. Maintenance and service of personal computers, laptops and peripherals. Communication and video equipment maintenance and service. Server equipment maintenance, capacity management. Network equipment maintenance. 【Applied System Service】 ➢ ISO 20000 information service management system operation and maintenance. Integrate, develop, maintain, and service information application systems. Database maintenance and capacity management. E-mail system maintenance. 【IT Development】 ➢ Evaluation and construction of new information application technology. Applied Technology Incubation. 【Information expense management】 ➢ Information cost budgeting. Information cost budget execution and control.
Finance & Accounting Division	【Business Management】 ➢ Supervision of the custom services in the Group. Tax planning for the Group. Overseeing the subsidiaries. 【Financial Management】 ➢ Group budget and consolidated operating analysis. Accounting management. Capital management. 【IR Management】 ➢ Plan and coordinate the shareholders' meeting. Plan and coordinate the board meeting. Plan and coordinate the functional committee. Public announcement. Maintain investor and public relationship.
Customer Service Function Product Service Division Master Planning & Scheduling Division	【Market Development/Customer Relations Management】 ➢ Market strategy development. Market Development. Customer relationship management. 【Product Planning】 ➢ Product trend analysis. Product Planning. Product Development. Process capability. 【Customer Service Management】 ➢ Customer service function planning and development. ISO 10002

Department	Main responsibilities
	customer complaint management system operation and maintenance. Customer service function management.
Operation Planning Division	【Strategy Development】 ➢ Corporate culture development. Mission, Vision, and Core Values Environmental Analysis. ➢ SWOT Analysis. Develop the strategy and set the operating directions. Prepare the strategy map. Plan the functional development of the Group's operating organization. 【Investment Planning】 ➢ Investment appraisal and execution system development. Investment project planning. Execution and supervision of investment projects. ➢ M & A evaluation. New Business Development evaluation 【Operation Planning】 ➢ Develop annual business plan (convene annual strategy meeting to develop annual business plan). Set up the operating performance target. Set up the operating performance target. Business Process Management (BPM) system operation and maintenance.
ESG Division	【Sustainable environment】 ➢ Water resource operations management ➢ Environmental protection permission management and relevant certifications ➢ Waste removal management 【Sustainable environment management】 ➢ Implementation of organization-wide net zero policy ➢ Supervision and management of ESG implementation to reach targets ➢ Internal promotion of activities related to ESG issues and external communication ➢ Drafting and analysis of ESG improvement plans and problem follow-up and resolution ➢ Drafting and analysis of ESG improvement plans and problem follow-up and resolution ➢ Leading in the preparation of ESG Report ➢ Ensuring in compliance with ESG international trends and regulatory changes in the organization

II. Information on the company’s directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company’s divisions and branch unit

(I) Directors and Supervisors

1. Directors

March 3, 2023

[M1]Title	Nationality or place of registration	Name	Gender (Age)	Date of election	Term of office	Commencement date of first term (Note 1)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %			Title	Name	Relationship	
Chairman of the Board	R.O.C.	He Yi Investment Co., Ltd. Representative: Ching-Chi Yang	Male (51)	2022. 04.29	3 years	2000.02.10	*24,267,957 25,631,848	*14.88 15.72	*24,267,957 43,113,438	*12.13 21.56	*0 35,000	*0 0.02	*0 0	*0 0	✓CEO, SUNSPRING METAL CORPORATION ✓California State University, Fullerton, BS in Business Administration	✓CEO, SUNSPRING METAL CORPORATION ✓Executive Director, SUNSPRING Industrial Ltd. ✓Executive Director, SUNSPRING Metal (Zhuhai) Corporation ✓Chairman, He Yi Investment Co., Ltd. ✓Chairman, SUNSPRING AUTOMATION CORPORATION ✓Director, Sunspring Holding Corp. ✓Director, Sunspring America Inc. ✓Independent Director, Audit Committee of TAISIC MATERIALS CORP.	✓President ✓Senior Special Assistant, CEO’s Office	Cheng-Fa Yang Shu-Chuan Yang	First degree of lineal relative by blood Second degree of lineal relative by blood	Note 5
Director	R.O.C.	He Yi Investment Co., Ltd. Representative: Cheng-Fa Yang	Male (77)	2022. 04.29	3 years	2000.02.10	*24,267,957 10,318,718	*14.88 6.32	*24,267,957 11,135,000	*12.13 5.57	*0 4,258,649	*0 2.13	*0 0	*0 0	✓Chairman and Founder, SUNSPRING METAL CORPORATION ✓Ding Fan Elementary School	✓President, SUNSPRING METAL CORPORATION ✓Director, He Yi Investment Co., Ltd.	✓CEO ✓Senior Special Assistant, CEO’s Office	Ching-Chi Yang Shu-Chuan Yang	First degree of lineal relative by blood First degree of lineal relative by blood	
Director	R.O.C.	Shu-Chuan Yang	Female (48)	2022. 04.29	3 years	2011.04.15 (Note 2)	5,598,606	3.43	5,598,606	2.80	0	0	0	0	✓CFO, SUNSPRING METAL CORPORATION ✓Pacific Christian College, BS in Business	✓Senior Special Assistant to CEO, SUNSPRING METAL CORPORATION ✓Supervisor, He	✓President ✓CEO	Cheng-Fa Yang Ching-Chi	First degree of lineal relative by blood Second	

[M1]Title	Nationality or place of registration	Name	Gender (Age)	Date of election	Term of office	Commencement date of first term (Note 1)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %			Title	Name	Relationship	
															Administration.	Yi Investment Co., Ltd. ✓Director, Golden Faith International Corp. ✓Director, Sunspring International Corp. ✓Director & Treasurer Sunspring America Inc.		Yang	degree of lineal relative by blood	
Independent Director.	R.O.C.	Yu-Cheng Chen	Male (61)	2022. 04.29	3 years	2007.06.02 (Note 3)	0	0	0	0	0	0	0	0	✓Professor and Chair, Department of Accounting and Finance, National Chung Hsing University ✓Chair, Department of Accounting, Providence University ✓Independent Supervisor, TA CHIA YUNG HO MACHINE INDUSTRY CO., LTD. ✓Independent Director, DA FON ENVIRONMENTAL TECHNOLOGY CO., LTD. ✓Independent Director, Grand Bills Finance Corp. ✓Independent Director, Member of Audit Committee and Member of Remuneration Committee, Sentien Printing Factory Co., Ltd. ✓Ph.D., Department of Accounting, National Chengchi University ✓M.S., Graduate Institute of Business Administration, National Taiwan	✓Professor, Department of Finance, National Chung Hsing University ✓Independent Director and Member of Remuneration Committee, TAIWAN SAKURA CORPORATION	None	None	None	

[M1]Title	Nationality or place of registration	Name	Gender (Age)	Date of election	Term of office	Commencement date of first term (Note 1)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %			Title	Name	Relationship	
															University					
Independent Director.	R.O.C.	Su-Ying Lee	Female (56)	2022. 04.29	3 years	2016.04.26	0	0	0	0	0	0	0	0	✓Vice President, Assistant Vice President, Manager, Underwriting Department, Yuanta Securities ✓Associate Manager, Underwriting Department, Grand Cathay Securities ✓Department of Business Administration, National Central University	✓Independent Director, Member of Audit Committee and Member of Remuneration Committee, NAK Sealing Technologies Corporation ✓Independent Director, Member of Audit Committee and Member of Remuneration Committee, Gourmet Master Co. Ltd. ✓Independent Director, Member of Audit Committee and Member of Remuneration Committee, KOAN HAO TECHNOLOGY CO., LTD.	None	None	None	
Independent Director.	R.O.C.	Ying-Ke Lin	Male (57)	2022. 04.29	3 years	2007.06.02 (Note 4)	0	0	0	0	0	0	0	0	✓Assistant Professor, Associate Professor, Professor and Chair, Department of Finance, National Chung Hsing University ✓Independent Director, Member of Audit Committee and Member of Remuneration Committee, Mega Financial Holding Co., Ltd. ✓Supervisor, Tetanti AgriBiotech Inc. ✓Member of Labor Funds Supervisory Committee ✓Member of Labor Retirement Fund Supervisory Committee ✓Visiting Assistant	✓Professor, Department of Finance, National Chung Hsing University	None	None	None	

[M1]Title	Nationality or place of registration	Name	Gender (Age)	Date of election	Term of office	Commencement date of first term (Note 1)	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
							No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %			Title	Name	Relationship	
															Professor, Department of Finance and Real Estate, University of Texas at Arlington ✓Ph.D., Department of Finance, University of Texas at Arlington					
Independent Director.	R.O.C.	Lien-Kai Hsu	Male (51)	2022. 04.29	3 years	2022.04.29	6,000	0	0	0	0	0	0	0	✓General Manager of LU HAI HOLDING CORP. ✓Department of Law, National Chengchi University	✓ Chairman of LU HAI HOLDING CORP. ✓ Director of XIAMEN XIAHUI ✓ Director of KUNSHAN LUHAI ✓ Supervisor of PT. LUHAI ✓ Chairman of LU HAI INDUSTRIAL CORPORATION ✓ Independent Director, Audit Committee of TAISIC MATERIALS CORP.	None	None	None	

*Shares held by juristic persons.

Note 1: Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.

Note 2: Mr. Ying-Ke Lin, an independent director, resigned on July 31, 2015. As a result, the Company violated Article 26-3, Paragraph 3 of the Securities and Exchange Act by having more than half of the directors be related to each other within second degree of kinship.

Therefore, the Director, Ms. Sook-Yin Yang, who had received a lower number of votes among other directors, was dismissed from the Board and was re-elected on April 26, 2016.

Note 3: Mr. Yu-Cheng Chen, an independent director, resigned from his position as an independent director effective August 10, 2007 due to his busy schedule and was re-elected as an independent director on June 29, 2012.

Note 4: Mr. Independent Director, an independent director, resigned from his position as an independent director effective August 1, 2015 due to his busy schedule and was re-elected as an independent director on May 8, 2019.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer):

Reason	Reasonableness and Necessity	Measure Adopted in Response
• Qualification for industry is completed	• Very familiar with customers • Able to fully control changes in	• Actively train professional managers

• Understand the industry and the market • Ability to lead • Family heritage	the industry and market • Able to do overall business planning • Train the succession team • Family business succession linkage	• Increase the independent directors

2. Supervisors: The Company has established an audit committee; therefore, it’s not applicable.

3. Major Shareholders of Corporate Shareholders

   (1) Major Shareholders of Corporate Shareholders

March 3, 2023

Name of corporate shareholder	Major shareholders of the corporate shareholder
He Yi Investment Co., Ltd.	Cheng-Fa Yang (41.09%), Ching-Chi Yang (17.70%), Bi-Hua Huang (9.91%), Li-Yu Yang (8.39%), Shu-Hui Yang (7.03%) and Kuei-Feng Yang (8.39%), Shu-Chuan Yang (7.49%)

   (2) If any Major Shareholder is a Corporate/Juristic Person, List its Major Shareholders: None.

4. Disclosure of Information Regarding the Professional Qualifications and the Independence of Independent Directors:

Qualifications / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Ching-Chi Yang (Director)	• Possess working experience in commerce, law, finance, accounting or company business. • He is currently the Chairman, President and Chief Executive Officer of the Company, Executive Director of SUNSPRING Metal (Zhuhai) Corporation and SUNSPRING Industrial Ltd., and Chairman of SUNSPRING AUTOMATION CORPORATION. Independent Director, Audit Committee of TAISIC MATERIALS CORP. • Has been serving as the director of the Company. • Not under any circumstance under any subparagraph of Article 30 of the Company Act.	(Not applicable)	1
Cheng-Fa Yang (Director)	• Possess working experience in commerce, law, finance, accounting or company business. • He is currently the President of the Company. • He was the founder, chairman and director of the Company. • Not under any circumstance under any subparagraph of Article 30 of the Company Act.	(Not applicable)	None

Qualifications / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Shu-Chuan Yang (Director)	• Possess working experience in commerce, law, finance, accounting or company business. • He is currently the Senior Special Assistant to the CEO of the Company. • He was the director and treasurer of the Company. • Not under any circumstance under any subparagraph of Article 30 of the Company Act.	(Not applicable)	None
Yu-Cheng Chen (Independent Director)	• Possess working experience in commerce, law, finance, accounting or company business. • He is currently a professor in the Department of Finance at National Chung Hsing University and an independent director and member of the remuneration committee of Taiwan Sakura Corporation. • He was the chair of the accounting department of Providence University, independent director of TA CHIA YUNG HO MACHINE INDUSTRY CO., LTD., independent director of DA FON ENVIRONMENTAL TECHNOLOGY CO., LTD., independent director of Grand Bills Finance Corp., and independent director of Sentien Printing Factory Co., Ltd. • Not under any circumstance under any subparagraph of Article 30 of the Company Act.	• All independent directors of the Company qualified for the independence criteria. • The independent director, his/her spouse, or his/her relatives within the 2nd degree of kinship is not a director, supervisor or employee of the Company or any of its affiliates; does not hold any shares of the Company; is not a director, supervisor or employee of any company having a specified relationship with the Company. • There is no remuneration received for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.	1
Su-Ying Lee (Independent Director)	• Possess working experience in commerce, law, finance, accounting or company business. • He is currently the independent director/member of audit committee/member of remuneration committee of NAK Sealing Technologies Corporation, Gourmet Master Co. Ltd. and KOAN HAO TECHNOLOGY CO., LTD. • He was the Vice President of Underwriting Department of Yuanta	• All independent directors of the Company qualified for the independence criteria. • The independent director, his/her spouse, or his/her relatives within the 2nd degree of kinship is not a director, supervisor or employee of the Company or any of its affiliates; does not hold any shares of the Company; is not a director, supervisor or employee of any	3

Qualifications Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
	Securities. • Not under any circumstance under any subparagraph of Article 30 of the Company Act.	company having a specified relationship with the Company. • There is no remuneration received for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.	
Ying-Ke Lin (Independent Director)	• Possess working experience in commerce, law, finance, accounting or company business. • He is now Professor in Department of Finance, National Chung Hsing University. • He was the independent director of Mega Financial Holding Co., Ltd., supervisor of Tetanti AgriBiotech Inc., member of Labor Funds Supervisory Committee and member of Labor Retirement Fund Supervisory Committee. • Not under any circumstance under any subparagraph of Article 30 of the Company Act.	• All independent directors of the Company qualified for the independence criteria. • The independent director, his/her spouse, or his/her relatives within the 2nd degree of kinship is not a director, supervisor or employee of the Company or any of its affiliates; does not hold any shares of the Company; is not a director, supervisor or employee of any company having a specified relationship with the Company. • There is no remuneration received for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.	None
Lien-Kai Hsu (Independent Director)	• Possess working experience in commerce, law, finance, accounting or company business. • Currently Chairman of LU HAI HOLDING CORP., Independent Director/Audit Committee of TAISIC MATERIALS CORP. • Served as the general manager of LU HAI HOLDING CORP. • Not under any circumstance under any subparagraph of Article 30 of the Company Act.	• All independent directors of the Company qualified for the independence criteria. • The independent director, his/her spouse, or his/her relatives within the 2nd degree of kinship is not a director, supervisor or employee of the Company or any of its affiliates; does not hold any shares of the Company; is not a director, supervisor or employee of any company having a specified relationship with the Company. • There is no remuneration received for any services such as business, legal, financial, or	1

Qualifications / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
		accounting services provided to the Company or any affiliate thereof within the past 2 years.	

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates?; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

5. Diversity and Independence of the Board of Directors:

(1) Diversity of the board of directors:

The Company's objective for diversity of board of directors is to have more than one-third of the board members in each gender and no more than one-third of the board members serve as employees. Currently, the Company has seven directors and the diversity of all directors is as follows:

- ✓ The percentage of female directors is 29% and the percentage of male directors is 71%.
- ✓ The percentage of directors who serve as employees is 43% and the percentage of independent directors is 57%.
- ✓ There is one director at age 70 or older; one directors at age 60 to 69; four directors at age 50 to 59; and one director at age 50 or younger.
- ✓ There are three directors with a term of office over 10 years and four directors with a term of office between 3 and 9 years.
- ✓ The core items of diversity for each Director are as follows:

Core items of diversity / Name		Gender	Operation Management	Leadership and Decision Making	Industry Knowledge	Finance/ Accounting	Law
Director	Cheng-Fa Yang	Male	V	V	V		
Director	Ching-Chi Yang	Male	V	V	V	V	
Director	Shu-Chuan Yang	Female	V		V	V	V
Independent Director	Yu-Cheng Chen	Male	V			V	V
Independent Director	Su-Ying Lee	Female	V			V	V
Independent Director	Ying-Ke Lin	Male	V			V	V

Independent Director	Lien-Kai Hsu	Male	V	V	V		V

(2) Independence of Board of Directors:

The election procedures of the Company's directors are transparent and fair, and are in compliance with the Company's "Articles of Incorporation," "Rules for Election of Directors," "Corporate Governance Best-Practice Principles," "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and "Article 14-2 of the Securities and Exchange Act." The current board is composed of four independent directors (57%) and three non-independent directors (43%), respectively.

The board of directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders' meetings. The board of directors of the Company emphasizes the functions of independent operation and transparency. Directors and independent directors are independent individuals and exercise their powers independently. The four independent directors also abide by the relevant laws and regulations, cooperate with the powers of the audit committee, review the management and control of the Company's existing or potential risks, etc., so as to supervise the effective implementation of the Company's internal control, the selection (dismissal) of certified public accountants and their independence, and the fair preparation of financial statements. In addition, according to the Company's "Rules for Election of Directors," the cumulative voting system and candidate nomination system are adopted for the selection of directors and independent directors, and shareholders are encouraged to participate. Shareholders who hold a certain number of shares or more may submit a list of director candidates. Qualification review and confirmation of any violations listed in Article 30 of the Company Act shall be conducted and announced in accordance with the law to protect the rights and interests of shareholders, avoid monopoly or excessive nomination rights, and maintain independence.

The Company has established a performance evaluation system for the Board of Directors and performs annual self-evaluation of the Board of Directors and self-evaluation of the Board members. The evaluation results are disclosed in the Company's annual report and website after being reported to the Board of Directors.

(II) Information on the company’s directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company’s divisions and branch unit

March 3, 2023

Job Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio (%)			Title	Name	Relationship	
President	R. O. C.	Cheng-Fa Yang	Male	1984.07.09	11,135,000	5.57	4,258,649	2.13	0	0	✓Chairman and Founder, SUNSPRING METAL CORPORATION ✓Ding Fan Elementary School	✓Director, He Yi Investment Co., Ltd.	✓CEO ✓Senior Special Assistant, CEO’s Office	✓Ching-Chi Yang ✓Shu-Chuan Yang	✓First degree of lineal relative by blood ✓First degree of lineal relative by blood	
CEO	R. O. C.	Ching-Chi Yang	Male	1995.09.01	43,113,438	21.56	35,000	0.02	0	0	✓CEO, SUNSPRING METAL CORPORATION ✓California State University, Fullerton, BS in Business Administration	✓Executive Director, SUNSPRING Industrial Ltd. ✓Executive Director, SUNSPRING Metal (Zhuhai) Corporation ✓Chairman, He Yi Investment Co., Ltd. ✓Chairman, SUNSPRING AUTOMATION CORPORATION ✓Director, Sunspring Holding Corp. ✓Director, Sunspring America Inc. ✓ Independent Director, Audit Committee of TAISIC MATERIALS CORP.	✓President ✓Senior Special Assistant, CEO’s Office	✓Cheng-Fa Yang ✓Shu-Chuan Yang	✓First degree of lineal relative by blood ✓Second degree of lineal relative by blood	Note 1
CEO’s Office Senior Special Assistant	R. O. C.	Shu-Chuan Yang	Female	1995.09.01	5,598,606	2.80	0	0	0	0	✓CFO, SUNSPRING METAL CORPORATION ✓Pacific Christian College, BS in Business Administration.	✓Supervisor, He Yi Investment Co., Ltd. ✓Director, Golden Faith International Corp. ✓Director, Sunspring International Corp. ✓Sunspring America Inc./Director & Treasurer	✓President ✓CEO	✓Cheng-Fa Yang ✓Ching-Chi Yang	✓First degree of lineal relative by blood ✓Second degree of lineal relative by blood	
China Manufacturing Operations Senior Vice President	R. O. C.	Shen Shih	Male	1996.09.09	90	0	0	0	0	0	✓Senior Vice President, SUNSPRING METAL CORPORATION ✓Chief R&D Officer, Production R&D Center, SUNSPRING METAL CORPORATION ✓Vice President, SHENG TAI BRASSWARE CO., LTD. ✓Department of Chemical Engineering, Nan-Tai Junior College of Engineering	✓Senior Vice President, China Production Center, SUNSPRING METAL CORPORATION ✓President, SUNSPRING Industrial Ltd. ✓President, SUNSPRING Metal (Zhuhai) Corporation	None	None	None	

Job Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio (%)			Title	Name	Relationship	
Taiwan Manufacturing Operations Senior Vice President	R. O. C.	Chun-Ting Yeh	Male	2009.12.01	32,207	0.02	0	0	0	0	✓Chairman, Wei Yang Technology Co., Ltd. ✓CIO, SUNSPRING METAL CORPORATION ✓President, Alphatek International Corp. ✓Vice President, Tsu He Chien Chi CO., LTD. ✓Senior Manager, Oracle Corporation (USA) ✓Department of Electrical and Computer Engineering, Tamkang University	None	None	None	None	
Customer Service Function Vice President	R. O. C.	Cheng-Hung Wang	Male	2003.10.15	793	0	0	0	0	0	✓Manager, Sales Department, NCIP Inc. ✓Manager, Foreign Department, DXG Technology Corp. ✓Department of Educational Technology, Tamkang University	None	None	None	None	
Customer Service Function Vice President	R. O. C.	Chih-Chi Hu	Male	2004.09.01	16,936	0.01	0	0	0	0	✓Executive Vice President, Giessdorf Inc. ✓EMBA, National Chengchi University ✓Department of Textile Engineering, National Taipei University of Technology	None	None	None	None	
Taiwan Manufacturing Operations Vice President	R. O. C.	Chin-Fang Huang	Male	1986.03.12	16,936	0.01	0	0	0	0	✓Factory Manager/Assistant Vice President, SUNSPRING METAL CORPORATION ✓Hsien Hsi Junior High School	✓Director, Yuhsin Plastics Corp.	None	None	None	
Taiwan Manufacturing Operations Vice President	R. O. C.	Shun-Sheng Yang	Male	2002.06.27	261,528	0.13	21,597	0.01	0	0	✓Vice President, SUNSPRING Industrial Ltd. ✓Development Manager, SUNSPRING Industrial Ltd. ✓Associate Manager, HOCHENG CORPORATION ✓Department of Mechanical Engineering, Chung Yuan Christian University	None	None	None	None	
Taiwan Manufacturing Operations Vice President	R. O. C.	Ming-Sheng Wang	Male	2014.07.15	16,936	0.01	0	0	0	0	✓Factory Manager, India Factory, CNSBG, Hon Hai Precision Industry Co., Ltd. ✓Vice President, JetVox Acoustic Corp. ✓Jabil Circuit (Jabil Green Point) (Suzhou and Wuxi – East China Group)/BUC/BUM of Emerging BU ✓MBA, Western Int’l University, USA	None	None	None	None	
ESG Division Vice President	R. O. C.	Ting-Chieh Chen	Male	2022.12.01	0	0	0	0	0	0	✓ President, Yangzhou Baoli Baotai Co., Ltd. ✓ Special Assistant to the Chairman, Shanghai Youshen Health Information Consulting Co., Ltd. ✓ Director of Environment, Safety, and Health, Episil Technologies Inc.	None	None	None	None	

Job Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio (%)			Title	Name	Relationship	
											✓ Purchasing Manager, Macronix International Co., Ltd. ✓ Department of Industrial Engineering and Engineering Management, National Tsing Hua University					
Customer Service Function Assistant Vice President	R. O. C.	Shih-Ming Tseng	Female	2004.02.03	455	0	0	0	0	0	✓Manager, SUNSPRING METAL CORPORATION ✓Associate Manager, Overseas Department, Li Chung International Co., Ltd. ✓Marketing Specialist, MOBITAI Communications Co., Ltd. ✓Department of Applied Mathematics, Department of Mathematics, Tunghai University	None	None	None	None	
Customer Service Function Assistant Vice President	R. O. C.	Chun-Ling Lee	Female	2001.05.21	455	0	0	0	0	0	✓Manager, SUNSPRING METAL CORPORATION ✓Sales Assistant, AV-Leader Corporation ✓IP Receptionist, Sherwood Hotel ✓Hawaii Pacific University	None	None	None	None	
Customer Service Function Assistant Vice President	R. O. C.	Shu-Chen Chen	Female	2007.03.19	8,455	0	0	0	0	0	✓Manager, SUNSPRING METAL CORPORATION ✓Sales Manager, Giessdorf Inc. ✓Department of Business Administration, National Taipei College of Business	None	None	None	None	
Financial Management Function Assistant Vice President	R. O. C.	Yung-Fu Wu	Male	2004.09.13	112,326	0.06	12,996	0.01	0	0	✓Manager, SUNSPRING METAL CORPORATION ✓Sales Manager, Underwriting Department, Yuanta Securities Co., Ltd. ✓Associate Manager, Auditing Department, KPMG Taiwan ✓Master, Department of Accounting, National Chengchi University	✓Supervisor, SUNSPRING Metal (Zhuhai) Corporation ✓Supervisor, SUNSPRING Industrial Ltd. ✓Supervisor, SUNSPRING AUTOMATION CORPORATION ✓Independent Director, Member of Audit Committee, Member of Remuneration Committee, PAIHO SHIH HOLDINGS CORPORATION ✓Independent Directo, Member of Audit Committee, Member of Remuneration Committee, Cosmo Electronics Corp. ✓Independent Director, Member of Audit Committee, Member of Remuneration Committee, KOAN HAO TECHNOLOGY CO., LTD.	None	None	None	
Sourcing Management Function Assistant Vice President	R. O. C.	Shih-Chun Chou	Male	2007.11.05	455	0	0	0	0	0	✓Manager, SUNSPRING METAL CORPORATION ✓Manager, Supply Department/Associate Manager, Quality Control, Giessdorf Inc. ✓Department of Mechanical	None	None	None	None	

Job Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio (%)			Title	Name	Relationship	
											Engineering, Sze Hai College of Technology					
Sourcing Management Function Assistant Vice President	R. O. C.	Yu-Ching Lin	Female	2009.03.11	0	0	14,000	0.01	0	0	✓Senior Special Assistant/Special Assistant II/ Manager, Procurement Department/Assistant Manager, Procurement Department, SUNSPRING Metal (Zhuhai) Corporation ✓Deputy Director, Materials Division, CSB Energy Technology Co., Ltd. ✓Department of Sports Management, National College of Physical Education and Sports	✓Assistant Vice President, SUNSPRING Metal (Zhuhai) Corporation	Assistant Vice President	Wei-Chun Yang	Spouse	
Taiwan Manufacturing Operations Assistant Vice President	R. O. C.	He-Lin Chen	Male	2009.12.01	5,455	0	0	0	0	0	✓Manager, SUNSPRING METAL CORPORATION ✓Assistant Vice President, Wei Yang Technology Co., Ltd. ✓Department of Information Engineering and Computer Science, Feng Chia University	None	None	None	None	
IT Service Function Assistant Vice President	R. O. C.	Chi-Kuang Lu	Male	2015.06.15	14,000	0.01	0	0	0	0	✓IT Supervisor, ACTION TOOLS CORP. ✓Vice President, Wei Yang Technology Co., Ltd. ✓Manager, Customer Services Division, Alphatek International Corp. ✓Master, College of Management, Chao Yang University of Technology	None	None	None	None	
Internal Audit Division Assistant Vice President	R. O. C.	Wen-Chuan Chi	Female	2010.02.22	26,352	0.01	0	0	0	0	✓Manager/Special Assistant, SUNSPRING METAL CORPORATION ✓Assistant Manager, Deloitte & Touche ✓Department of Accounting, Chung Yuan Christian University	None	None	None	None	
System Management Division Assistant Vice President	R. O. C.	Kuo-Sheng Liang	Male	2017.02.13	16,362	0.01	0	0	0	0	✓Management System Auditor, TUV RHEINLAND TAIWAN LTD. ✓Deputy Director, Quality Assurance, 3Y POWER TECHNOLOGY (TAIWAN) INC. ✓Assistant Manager of Quality Assurance and Quality Management System Management Representative, Amulaire Thermal Technology, Inc. ✓MBA, National Taiwan University	None	None	None	None	
Taiwan Manufacturing Operations Assistant Vice President	R. O. C.	Chao-Tai Lien	Male	2015.06.02	0	0	0	0	0	0	✓Factory Manager, JATO Precision Industries Inc. ✓Assistant Manager, Wintek Corp. ✓Process Engineer, Mobiletron Co., Ltd. ✓Engineer, Nova Orthopedic & Rehabilitation Appliances, Inc. ✓Application Engineer, FALCON MACHINE TOOLS CO., LTD. ✓National Chiayi Institute of	None	None	None	None	

Job Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio (%)			Title	Name	Relationship	
											Agriculture, Department of Agricultural Engineering					
Taiwan Manufacturing Operations Assistant Vice President	R. O. C.	Chun-He Huang	Male	2003.06.24	0	0	0	0	0	0	✓Manager, SUNSPRING METAL CORPORATION ✓Manager, SUNSPRING Industrial Ltd. ✓Specialist, SUNSPRING Metal (Zhuhai) Corporation ✓Department of Electronic Engineering, The Affiliated Industrial Vocational High School of National Changhua University of Education	None	None	None	None	
HR Service Function Assistant Vice President	R. O. C.	Wan-Chi Yang	Female	1998.02.11	0	0	0	0	0	0	✓Manager, SUNSPRING METAL CORPORATION ✓Department of Business Administration, China Junior College of Industrial and Commercial Management	None	None	None	None	
HR Service Function Assistant Vice President	R. O. C.	Mei-Chuan Shih	Female	2021.12.01	887	0	0	0	0	0	✓ Senior Assistant, SUNSPRING METAL CORPORATION /CEO Office ✓Senior Specialist, SUNSPRING Industrial Ltd. ✓Department of Accounting and Statistics, National Changhua Senior High School of Commerce	None	None	None	None	
China Manufacturing Operations Assistant Vice President	R. O. C.	Wei-Chun Yang	Male	1999.04.01	14,000	0.01	0	0	0	0	✓Manager, SUNSPRING Metal (Zhuhai) Corporation ✓Section Chief, SUNSPRING METAL CORPORATION ✓The Affiliated Industrial Vocational High School of National Changhua University of Education	✓Assistant Vice President, SUNSPRING Metal (Zhuhai) Corporation	Assistant Vice President	Yu-Ching Lin	Spouse	
Taiwan Manufacturing Operations Assistant Vice President	R. O. C.	Chun-Hsiu Lee	Male	2015.06.01	14,000	0.01	0	0	0	0	✓Manager, Quality Assurance Department, SUNSPRING METAL CORPORATION ✓Executive Vice President, JIH SHIN ENAMEL CO., LTD. ✓Assistant Manager, Quality Assurance Department, SUNSPRING METAL CORPORATION ✓Factory Manager, DA SHENG PRECISION INDUSTRY CO., LTD. ✓Factory Manager, JIH SHIN ENAMEL CO., LTD. ✓Team Leader of Production Department, TAIWAN AUTOGLASS IND. CORP. ✓EMBA, National Chung Hsing University	None	None	None	None	
Taiwan Manufacturing Operations Assistant Vice President	R. O. C.	Wen-Feng Wu	Male	2021.10.01	3,000	0	0	0	0	0	✓Manager, Equipment Maintenance Department, SUNSPRING METAL CORPORATION ✓Associate Manager, Production Technology, UNITED WIN	None	None	None	None	

Job Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio (%)			Title	Name	Relationship	
											INVESTMENT CO., LTD. ✓Associate Manager, Analog Electronics Department, Dongguan Masstop Liquid Crystal Display Co., Ltd. ✓Section Leader, Production Technology Development Section, WINTEK CORPORATION ✓Associate Engineer, Biotechnology Department, JOHNSON HEALTH TECH CO., LTD. ✓Engineer, Biotechnology Department, WINTEK CORPORATION ✓Mechanical Engineer, LIH GANG MACHINERY CO., LTD. ✓Department of Mechanical Engineering, Xuping Institute of Technology					

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer):

Reason	Reasonableness and Necessity	Measure Adopted in Response
• Qualification for industry is completed • Understand the industry and the market • Ability to lead • Family heritage	• Very familiar with customers • Able to fully control changes in the industry and market • Able to do overall business planning • Train the succession team • Family business succession linkage	• Actively train professional managers • Increase the independent directors

III. Remuneration paid during the most recent fiscal year to directors, supervisors, President, and Vice President

(I) Remuneration to Ordinary Directors and Independent Directors

December 31, 2022 Unit: NT$ thousand; shares

Job Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (Note 4)	
		Base compensation (A)		Retirement pay and pension (B) (Note 1)		Director profit-sharing compensation (C)		Expenses and perquisites (D)			
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Director	He Yi Investment Co., Ltd. Representative: Ching-Chi Yang	0	0	0	0	0	0	0	0	0	0
	He Yi Investment Co., Ltd. Representative: Cheng-Fa Yang										
	Shen Shih (2022/4/29 dismissal)										
	Shu-Chuan Yang										
Independent Director	Yu-Cheng Chen	2,155	2,155	0	0	0	0	0	0	0.29	0.29
	Su-Ying Lee										
	Ying-Ke Lin										
	Lien-Kai Hsu (2022/4/29 Appointed)										

Job Title	Name	Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Salary, rewards, and special disbursements (E) (Note 3)		Retirement pay and pension (F) (Note 1)		Employee profit-sharing compensation (G)						
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
						Amount in cash	Amount in stock	Amount in stock	Amount in stock			
Director	He Yi Investment Co., Ltd. Representative: Ching-Chi Yang	6,180	12,304	212	320	3,000	0	5,000	0	1.27	2.39	None
	He Yi Investment Co., Ltd. Representative: Cheng-Fa Yang											
	Shen Shih (2022/4/29 dismissal)											
	Shu-Chuan Yang											
Independent	Yu-Cheng Chen	0	0	0	0	0	0	0	0	0.29	0.29	None

Director	Su-Ying Lee											
	Ying-Ke Lin											
	Lien-Kai Hsu (2022/4/29 Appointed)											

Note 1: It is the amount contributed to the pension expense.

Note 2: The Company did not disclose the remuneration to directors individually.

Note 3: This fee includes the fuel subsidy for the company's vehicle.

Note 4: Net income after tax refers to the net income after tax reported in the parent company only financial statements for the most recent year.

Note 5: In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services to any consolidated entities (e.g. for serving as a non-employee consultant): None.

Note 6: Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: In accordance with the Company's "Regulations for the Remuneration to Directors and Members of the Functional Committee," the following are stipulated:

(1) The Company shall pay the independent director monthly compensation of NT$38,000 regardless of the Company's operating profit or loss, and the compensation shall be calculated on the basis of the proportion of the elected date to the whole month if it is less than one month.

(2) If an independent director is also a member of a functional committee, he/she shall be paid an additional remuneration of NT$6,000/per functional committee on a monthly basis from the date of his/her appointment.

(3) The independent directors are not entitled to receive director's remuneration from the annual profit.

Ranges of remuneration paid to each of the Company's directors	Name			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Less than NT$1,000,000	Cheng-Fa Yang/Ching-Chi Yang/Shu-Chuan Yang/Shen Shih /Yu-Cheng Chen/Su-Ying Lee/Ying-Ke Lin/ Lien-Kai Hsu	Cheng-Fa Yang/Ching-Chi Yang/Shu-Chuan Yang/Shen Shih/ Yu-Cheng Chen/Su-Ying Lee/Ying-Ke Lin/ Lien-Kai Hsu	Shen Shih/Yu-Cheng Chen/Su-Ying Lee/Ying-Ke Lin/ Lien-Kai Hsu	Yu-Cheng Chen/Su-Ying Lee/Ying-Ke Lin/ Lien-Kai Hsu
NT$1,000,000 (incl.)–NT$2,000,000 (excl.)	None	None	Ching-Chi Yang	None
NT$2,000,000 (incl.)–NT$3,500,000 (excl.)	None	None	Shu-Chuan Yang	Ching-Chi Yang/ Shu-Chuan Yang
NT$3,500,000 (incl.)–NT$5,000,000 (excl.)	None	None	Cheng-Fa Yang	None
NT$5,000,000 (incl.)–NT$10,000,000 (excl.)	None	None	None	Cheng-Fa Yang/Shen Shih
NT$10,000,000 (incl.)–NT$15,000,000 (excl.)	None	None	None	None
NT$15,000,000 (incl.)–NT$30,000,000 (excl.)	None	None	None	None
NT$30,000,000 (incl.)–NT$50,000,000 (excl.)	None	None	None	None
NT$50,000,000 (incl.)–NT$100,000,000 (excl.)	None	None	None	None
NT$100,000,000 or above	None	None	None	None
Total	8 persons	8 persons	8 persons	8 persons

(II) Remuneration to Supervisors: The Company has established an audit committee; therefore, it is not applicable.

(III) Remuneration to President(s) and Vice President(s):

December 31, 2022 Unit: NT$ thousand; shares

Job Title	Name	Salary (A)		Retirement pay and pension (B) (Note 1)		Rewards and special disbursements (C) (Note 2)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income (%) (Note 3)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President	Cheng-Fa Yang	19,449	27,753	1,008	1,224	110	110	9,191	0	12,871	0	4.04	5.69	None
CEO	Ching-Chi Yang													
Senior Vice President	Shen Shih													
Senior Special Assistant	Shu-Chuan Yang													
Senior Vice President	Chun-Ting Yeh													
Vice President	Cheng-Hung Wang													
Vice President	Chih-Chi Hu													
Vice President	Shun-Sheng Yang													
Vice President	Chin-Fang Huang													
Vice President	Ming-Sheng Wang													
Vice President	Ting-Chieh Chen (2022/12/1 Appointed)													
Vice President	Jin-fa Zheng (2023/02/23 Retired)													

Note 1: It is the amount contributed to the pension expense.
Note 2: This fee includes the fuel subsidy for the company’s vehicle.
Note 3: Net income after tax refers to the net income after tax reported in the parent company only financial statements for the most recent year.

Ranges of remuneration paid to each of the Company's President(s) and Vice President(s)	Name of President(s) and Vice President(s)	
	The Company	All Consolidated Entities
Less than NT$1,000,000	Shen Shih/Jin-fa Zheng/Ting-Chieh Chen	Ting-Chieh Chen
NT$1,000,000 (incl.)–NT$2,000,000 (excl.)	Ching-Chi Yang	None
NT$2,000,000 (incl.)–NT$3,500,000 (excl.)	Shun-Sheng Yang/Ming-Sheng Wang/Shu-Chuan Yang/ Chun-Ting Yeh	Ching-Chi Yang/Shun-Sheng Yang/Ming-Sheng Wang Shu-Chuan Yang/Chun-Ting Yeh
NT$3,500,000 (incl.)–NT$5,000,000 (excl.)	Cheng-Fa Yang/Cheng-Hung Wang/Chih-Chi Hu /Chin-Fang Huang	Chin-Fang Huang/Jin-fa Zheng/Cheng-Hung Wang/ Chih-Chi Hu
NT$5,000,000 (incl.)–NT$10,000,000 (excl.)	None	Cheng-Fa Yang /Shen Shih
NT$10,000,000 (incl.)–NT$15,000,000 (excl.)	None	None
NT$15,000,000 (incl.)–NT$30,000,000 (excl.)	None	None
NT$30,000,000 (incl.)–NT$50,000,000 (excl.)	None	None
NT$50,000,000 (incl.)–NT$100,000,000 (excl.)	None	None
NT$100,000,000 or above	None	None
Total	12 persons	12 persons

(IV) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

December 31, 2022 Unit: NT$ thousand

	Job Title	Name	Amount in stock	Amount in cash	Total	As a % of net profit (％)(Note 2)
Managerial officers	President	Cheng-Fa Yang	0	18,062	18,062	2.45
	CEO	Ching-Chi Yang				
	Senior Vice President	Shen Shih				
	Senior Special Assistant	Shu-Chuan Yang				
	Senior Vice President	Chun-Ting Yeh				
	Vice President	Cheng-Hung Wang				
	Vice President	Chih-Chi Hu				
	Vice President	Shun-Sheng Yang				
	Vice President	Chin-Fang Huang				
	Vice President	Ming-Sheng Wang				
	Vice President	Ting-Chieh Chen (2022/12/01 Appointed)				
	Vice President	Jin-fa Zheng (2023/02/23 Retired)				
	Assistant Vice President	Yung-Fu Wu				
	Assistant Vice President	Chun-Ling Lee				
	Assistant Vice President	Shih-Ming Tseng				
	Assistant Vice President	Shu-Chen Chen				
	Assistant Vice President	He-Lin Chen				
	Assistant Vice President	Wen-Chuan Chi				
	Assistant Vice President	Shih-Chun Chou				
	Assistant Vice President	Yu-Ching Lin				
	Assistant Vice President	Chi-Kuang Lu				
	Assistant Vice President	Chun-He Huang				
	Assistant Vice President	Chao-Tai Lien				
	Assistant Vice President	Wan-Chi Yang				
	Assistant Vice President	Kuo-Sheng Liang				
	Assistant Vice President	Wei-Chun Yang				
	Assistant Vice President	Chun-Hsiu Lee				
	Assistant Vice President	Wen-Feng Wu				
	Assistant Vice President	Mei-Chuan Shih				

Note 1: The applicable scope of “managerial officers” is defined under the 27 March 2003 FSC Order No. Tai-Cai-Zheng-III-0920001301 as persons in the following positions:
(1) General manager(s) and equivalent level positions
(2) Assistant general manager(s) and equivalent level positions
(3) Deputy assistant general manager(s) and equivalent level positions
(4) Chief officer of the finance division
(5) Chief officer of the accounting division
(6) Other persons who have the power to manage affairs and sign for the Company

Note 2: Net income after tax refers to the net income after tax reported in the parent company only financial statements for the most recent year.

(V) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

Compensation recipients	2021				2022			
	Total remuneration		As a % of net profit		Total remuneration		As a % of net profit	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Director	0	0	0	0	0	0	0	0
Independent Director	1,800	1,800	0.41	0.41	2,155	2,155	0.29	0.29
President and Vice President	38,648	55,012	8.86	12.62	29,758	41,958	4.04	5.69
Total	40,448	56,812	9.27	13.03	31,913	44,113	4.33	5.98

Note: Net income after tax refers to the net income after tax reported in the parent company only financial statements for the most recent year. However, the Company has incurred loss after tax; therefore, it is not disclosed.

Article 30-1 of the Company's Articles of Incorporation provides that the Company's directors shall be compensated for the performance of their duties regardless of the Company's operating profit or loss, and that such compensation shall be determined by the Board of Directors with reference to the recommendations of the Compensation Committee, the value of their contribution to the Company's operations, and the industry standard, and shall not exceed the maximum salary level set forth in the Company's "Regulations on Wages and Salary Management."

The Company has established a Remuneration Committee to assist the Board of Directors in determining the remuneration to directors and executive officers and the Company's remuneration policy. As for the distribution of directors' remuneration, the Company shall comply with Article 29-1 of the Articles of Incorporation, which stipulates that if the Company makes a profit in a year, not less than 2% of the profit shall be appropriated as employees' remuneration, which shall be distributed in the form of shares or in cash by resolution of the Board of Directors. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements. The Company may set aside not less than 1% of the aforesaid profits as remuneration to directors by resolution of the board of directors. The proposal of employees' compensation and remuneration of directors should be reported to the shareholders' meeting. However, the Company's accumulated losses shall be covered first, and then employees' remuneration and directors' remuneration shall be provided in the ratio as described above.

The Company has established the "Regulations for Remuneration to Executives" to regulate the remuneration paid to executives who have direct influence and responsibility on the overall business performance of the Company, based on their managerial functions, taking into account the core values of the Company and the linkage with their work behavior, and setting the functional assessment standards, with the following assessment items and definitions:

Assessed Item	Summary	Definition
Job Execution Capability 25%	Objective Planning	Ability to plan the concrete action plan for the job objective
	Job Execution	Ability to keep track of work progress and report it according to the schedule
Leadership 25%	Leading a Team	Ability to lead a department or project team to achieve work objectives
	Guiding staff	Ability to set specific work objectives for staff members and provide work instructions
Communication and Coordination 25%	Empathy	Empathetic, able to see the problem from the position of the person you are communicating with
	Conflict Coordination	Negotiate a solution that is acceptable to both parties when there is disagreement in the communication process
Problem Solving 25%	Integrating Resources	Ability to access resources from multiple channels to solve problems
	Policy Formulation	Able to propose multiple solutions for problems in order to be evaluated by superiors for decision making

In accordance with the provisions of the “Articles of Incorporation” and the operations of the Board of Directors and the Remuneration Committee, the remuneration to directors and executive officers will be reviewed in a timely manner in accordance with their participation in and contribution to the Company’s operations and to minimize the possibility of future risks and their association with the Company in order to strike a balance between sustainable operation and risk control.

IV. The state of the company's implementation of corporate governance

(I) Operations of the board of directors:

The Board of Directors met (A) 8 times in 2022, and the attendance of directors was as follows:

Job Title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)【B/A】	Remarks
Chairman	He Yi Investment Co., Ltd. Representative: Ching-Chi Yang	8	0	100%	Re-elected on Apr 29, 2022
Director	He Yi Investment Co., Ltd. Representative: Cheng-Fa Yang	8	0	100%	Re-elected on Apr 29, 2022
Director	Shen Shih	3	0	100%	Dismissal on Apr 29, 2022, the number of meetings should be 3 times
Director	Shu-Chuan Yang	8	0	100%	Re-elected on Apr 29, 2022
Independent Director	Yu-Cheng Chen	8	0	100%	Re-elected on Apr 29, 2022
Independent Director	Su-Ying Lee	8	0	100%	Re-elected on Apr 29, 2022
Independent Director	Ying-Ke Lin	8	0	100%	Re-elected on Apr 29, 2022
Independent Director	Lien-Kai Hsu	5	0	100%	Appointed on Apr 29, 2022, the number of meetings should be 5 times

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(I) Any matter under Article 14-3 of the Securities and Exchange Act:

Board of Directors Meeting date (session)	Content of the motion(s) and results
2022/1/26 (1st meeting during 2022)	1. Replacement of CPAs. 2. Evaluation of independence and competency of the attesting CPAs. 3. Audit fees for 2022.
	➢ Independent directors' opinions: No objection or reservation. ➢ The Company's response to independent directors' opinions: N/A. ➢ Resolution result: All directors present agreed to pass the proposals as proposed.
2022/2/25 (2nd meeting during 2022)	1. Statement of Internal Control System 2021 2. Partial amendments to the Procedures for Asset Acquisition and Disposal
	➢ Independent directors' opinions: No objection or reservation. ➢ The Company's response to independent directors' opinions: N/A. ➢ Resolution result: All directors present agreed to pass the proposals as proposed.
2022/3/16 (3rd meeting during 2022)	1. Nomination of director and independent director candidates and review of nominees. 2. Request to remove the non-compete clause for the Company's new directors.
	➢ Independent directors' opinions: No objection or reservation. ➢ The Company's response to independent directors' opinions: N/A. ➢ Resolution results: Except for the directors who recused themselves, all

	directors present agreed to pass the proposals as proposed.
2022/4/29 (4th meeting during 2022)	1. An election of the Chairman. 2. Qualification review for and appointment of members of the 5th Remuneration Committee.
	➢ Independent directors’ opinions: No objection or reservation. ➢ The Company’s response to independent directors’ opinions: N/A. ➢ Resolution results: Except for the directors who recused themselves, all directors present agreed to pass the proposals as proposed.
2022/5/27 (6th meeting during 2022)	1. Proposal to dispose of the office premises of City Center Plaza by way of sale and leaseback.
	➢ Independent directors’ opinions: No objection or reservation. ➢ The Company’s response to independent directors’ opinions: N/A. ➢ Resolution result: All directors present agreed to pass the proposals as proposed.
2022/7/29 (7th meeting during 2022)	1. Assessment of accounts receivable beyond a normal credit period (more than three months) to determine if they are loans. 2. Proposal to amend the internal control system and Chapter 10 Computer Operation Cycle under the internal audit implementation rules.
	➢ Independent directors’ opinions: No objection or reservation. ➢ The Company’s response to independent directors’ opinions: N/A. ➢ Resolution result: All directors present agreed to pass the proposals as proposed.
2022/11/04 (8th meeting during 2022)	1. Assessment of accounts receivable beyond a normal credit period (more than three months) to determine if they are loans.
	➢ Independent directors’ opinions: No objection or reservation. ➢ The Company’s response to independent directors’ opinions: N/A. ➢ Resolution result: All directors present agreed to pass the proposals as proposed.

(II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: None.

II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director’s name, the content of the motion, the cause for recusal, and whether and how the director voted:

(I) Board meeting on 2022.1.26

- ➢ Proposal content: The Company’s 2021 employee remuneration (including managers).
  - Recused directors: Directors Cheng-Fa Yang, Ching-Chi Yang, Shen Shih, and Shu-Chuan Yang
  - Reason for recusal: They are also managers.
  - Participation in voting: The above directors recused themselves from discussion and voting on this proposal.

(II) Board meeting on 2022.2.25

- ➢ Proposal content: Review of the salary competitiveness and a comprehensive salary plan of senior executives and managers.
  - Recused directors: Directors Cheng-Fa Yang, Ching-Chi Yang, Shen Shih, and Shu-Chuan Yang
  - Reason for recusal: They are also managers.
  - Participation in voting: The above directors recused themselves from discussion and voting on this proposal.

(III) Board meeting on 2022.3.16

- ➢ Proposal content: Review of the 2022 management team’s business performance indicators – company as a whole and individuals
  - Recused directors: Directors Cheng-Fa Yang, Ching-Chi Yang, Shen Shih, and Shu-Chuan Yang
  - Reason for recusal: They are also managers.
  - Participation in voting: The above directors recused themselves from discussion and voting on this proposal.
- ➢ Proposal content: Review of the proposal for the Company’s 2022 fixed salary adjustment for senior executives and managers.
  - Recused directors: Directors Cheng-Fa Yang, Ching-Chi Yang, Shen Shih, and Shu-Chuan Yang
  - Reason for recusal: They are also managers.

    - Participation in voting: The above directors recused themselves from discussion and voting on this proposal.
  - Proposal content: Nomination of director and independent director candidates and review of nominees.
    - Recused directors: Directors Cheng-Fa Yang, Ching-Chi Yang, Shu-Chuan Yang, Yu-Cheng Chen, Su-Ying Lee, and Ying-Ke Lin
    - Reason for recusal: They were nominees.
    - Participation in voting: The above directors recused themselves from discussion and voting on this proposal one by one. Directors Cheng-Fa Yang, Ching-Chi Yang, and Shu-Chuan Yang are relatives by blood within the second degree of kinship, so they recused themselves at the same time when the Board of Directors reviewed any of them.
  - Proposal content: Request to remove the non-compete clause for the Company's new directors.
    - Recused directors: Directors Cheng-Fa Yang, Ching-Chi Yang, Shu-Chuan Yang, and Yu-Cheng Chen.
    - Reason for recusal: They concurrently held positions at other companies and are relatives by blood within the second degree of kinship of each other.
    - Participation in voting: The above directors recused themselves from discussion and voting on this proposal.

(IV) Board meeting on 2022.4.29

  - Proposal content: Qualification review for and appointment of members of the 5th Remuneration Committee.
    - Recused directors: Independent directors Yu-Cheng Chen, Su-Ying Lee, and Ying-Ke Lin.
    - Reason for recusal: They are members of the Remuneration Committee.
    - Participation in voting: The above directors recused themselves from discussion and voting on this proposal.

(V) Board meeting on 2022.5.11

  - Proposal content: Proposal for the Company's fixed salary adjustment for senior executives and managers.
    - Recused directors: Directors Cheng-Fa Yang, Ching-Chi Yang, and Shu-Chuan Yang
    - Reason for recusal: They are also managers.
    - Participation in voting: The above directors recused themselves from discussion and voting on this proposal.
  - Proposal content: Proposal for the Company's remuneration plan for senior executives and managers.
    - Recused directors: Directors Cheng-Fa Yang, Ching-Chi Yang, and Shu-Chuan Yang
    - Reason for recusal: They are also managers.
    - Participation in voting: The above directors recused themselves from discussion and voting on this proposal.

(VI) Board meeting on 2022.7.29

  - Proposal content: Proposal for the Company's quarterly evaluation for senior executives and managers.
    - Recused directors: Directors Cheng-Fa Yang, Ching-Chi Yang, and Shu-Chuan Yang
    - Reason for recusal: They are also managers.
    - Participation in voting: The above directors recused themselves from discussion and voting on this proposal.

(VII) Board meeting on 2022.11.4

  - Proposal content: Proposal for the Company's quarterly evaluation for senior executives and managers.
    - Recused directors: Directors Cheng-Fa Yang, Ching-Chi Yang, and Shu-Chuan Yang
    - Reason for recusal: They are also managers.
    - Participation in voting: The above directors recused themselves from discussion and voting on this proposal.

III. Information on the cycle and period of the Board's evaluation, the scope and method of evaluation and the content of the evaluation:

tem	Description
Evaluation cycle	Performed once per year
Evaluation period	January 1, 2022 to December 31, 2022

Scope of evaluation	Evaluation of the performance of the board and individual directors	
Method of evaluation	The performance evaluation of the Board of Directors is conducted by the internal audit supervisor by means of questionnaires, and the self-evaluation of board members is conducted by each director by means of questionnaires.	
Evaluation content	Evaluation of the performance of the board	A. Degree of the board's participation in the operation of the company; B. The quality of the board's decision making; C. Composition and structure of the board; D. Election and continuing education of the directors; E. Internal control.
	Evaluation of the performance of individual directors	A. Familiarity with the goals and missions of the company; B. Awareness of the duties of a director; C. Participation in the operation of the company; D. Management of internal relationships and communication; E. The director's professionalism and continuing education; F. Internal control.
Evaluation Result	Evaluation of the performance of the board	Except for the following items, the evaluation results of all other items are"Neutral", "Agree" or "Strongly Agree": 30: More than two directors of the Company are relatives within the second degree of kinship, the evaluation result is "Disagree." 34: The procedures for the election of board members take into account the results of individual directors' performance evaluations. As the Company has not implemented, the result of the evaluation is "Disagree."
	Evaluation of the performance of individual directors	All assessment results are "Agree" or "Strongly Agree"
	The evaluation results were submitted to the Board of Directors on February 23, 2023.	

IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g. establishing an audit committee, and increasing information transparency) and the measures taken toward achievement thereof:
(I) The Company is ranked 36%–50% in the 7th "Corporate Governance Evaluation" of listed companies.

(II) Operation of the Audit Committee:

1. The Audit Committee met (A) 7 times in 2022, and the attendance of independent directors was as follows:

Job Title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)（Ｂ/Ａ）	Remarks
Independent Director (Convener)	Yu-Cheng Chen	7	0	100%	Re-elected on Apr 29, 2022
Independent Director	Su-Ying Lee	7	0	100%	Re-elected on Apr 29, 2022
Independent Director	Ying-Ke Lin	7	0	100%	Re-elected on Apr 29, 2022
Independent Director	Lien-Kai Hsu	4	0	100%	Appointed on Apr 29, 2022, the number of meetings should be 4 times

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:
(I) Any matter under Article 14-5 of the Securities and Exchange Act:

Board of Directors Meeting date (session)	Audit Committee Meeting date (session)	Content of the motion(s) and results
2022.1.26 (1st meeting during 2022)	2022.1.26 (20nd meeting of the 3rd term)	1. Proposal for replacement of CPAs. 2. Evaluation of independence and competency of the attesting CPAs. 3. Audit fees for 2022.
		➢ Audit Committee's review result: All the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Audit Committee's opinions: N/A. ➢ Board resolution result: All directors present agreed to pass the proposals as proposed.
2022.2.25 (2nd meeting during 2022)	2022.2.25 (21st meeting of the 3rd term)	1. Statement of Internal Control System 2021 2. Proposal for partial amendments to the 【Procedures for Acquisition or Disposal of Assets】
		➢ Audit Committee's review result: All the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Audit Committee's opinions: N/A. ➢ Board resolution result: All directors present agreed to pass the proposals as proposed.
2022.3.16 (3rd meeting during 2022)	2022.3.16 (22nd meeting of the 3rd term)	1. Request to remove the non-compete clause for the Company's new directors.
		➢ Audit Committee's review result: Except for the members who recused themselves, all the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Audit Committee's opinions: N/A. Board resolution result: Except for the directors who recused themselves, all directors present agreed to pass the proposals as proposed.
2022.7.29 (7th meeting during 2022)	2022.7.29 (3rd meeting of the 4th term)	1. The Company's 2022 Q2 consolidated financial statements. 2. Assessment of accounts receivable beyond a normal credit period (more than three months) to determine if they are loans. 3. Proposal to amend the internal control system and Chapter 10 Computer Operation Cycle under the internal audit implementation rules.
		➢ Audit Committee's review result: All the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Audit Committee's opinions: N/A. ➢ Board resolution result: All directors present agreed to pass the proposals as proposed.
2022.11.04 (8th meeting during 2022)	2022.11.04 (4th meeting of the 4th term)	1. Assessment of accounts receivable beyond a normal credit period (more than three months) to determine if they are loans.
		➢ Audit Committee's review result: All the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Audit Committee's opinions: N/A. ➢ Board resolution result: All directors present agreed to pass the proposals as proposed.

(II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.

II. The status of implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted:

(I) Board meeting on 2022.3.16

➢ Proposal content: Nomination of director and independent director candidates and review of nominees.

- Recused independent directors: Independent directors Yu-Cheng Chen, Su-Ying Lee, and Ying-Ke Lin.
- Reason for recusal: They were nominees.
- Participation in voting: The above independent directors recused themselves one by one from discussion and voting on this proposal.

➢ Proposal content: Request to remove the non-compete clause for the Company's new directors.

- Recused director: Director Yu-Cheng Chen.
- Reason for recusal: He is an independent director.
- Participation in voting: The above independent director recused himself from discussion and voting on this proposal.

(II) Board meeting on 2022.4.29

➢ Proposal content: Qualification review for and appointment of members of the 5th Remuneration Committee.

- Recused independent directors: Independent directors Yu-Cheng Chen, Su-Ying Lee, and Ying-Ke Lin.
- Reason for recusal: They are members of the Remuneration Committee.
- Participation in voting: The above independent director recused himself from discussion and voting on this proposal.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication):

(I) Communication between the independent directors and the chief internal audit officer

1. The Company's chief auditor sends all internal audit reports to the independent directors, and presents business reports to each independent director at least four times a year to the Audit Committee. In addition, the chief auditor shall discuss with the independent directors from time to time by e-mail, telephone or closed-door meetings, as necessary, on the operation of the Company's internal controls, including risk management, financial and operational controls, and compliance with relevant laws and regulations and standards.
2. The communication between the independent directors and the chief internal audit officer is as follows:

to position	Key items to communicate	Results
2022.2.25	Reports to the Audit Committee ✓The implementation of an audit plan from October 2021 through January 2022. ✓The implementation of internal control self-assessment from October 2021 through January 2022. ✓Internal audit routine matters from December 2021 through January 2022.	None of the three independent directors raised any objections at this meeting.
2022.5.11	Reports to the Audit Committee ✓The implementation of an audit plan from February 2022 through April 2022. ✓The implementation of internal control self-assessment in April 2022. ✓Internal audit routine matters from February 2022 through March 2022.	None of the four independent directors raised any objections at this meeting.
2022.7.29	Reports to the Audit Committee ✓The implementation of an audit plan from May 2022 through June 2022. ✓Internal audit routine matters in May 2022. ✓A draft of the 2023 audit plan.	None of the four independent directors raised any objections at this meeting.
2022.11.4	Reports to the Audit Committee ✓The implementation of an audit plan from July 2022 through October 2022. ✓The implementation of internal control self-assessment in July and October 2022. ✓The 2023 audit plan.	None of the four independent directors raised any objections at this meeting.
2022.11.8	Reports at closed-door meetings ✓The implementation of the internal audit work and risk management and control matters from November 2021 through October 2022.	None of the four independent directors raised any objections at this meeting.

(II) Communication between independent directors and CPAs

1. The Audit Committee of the Company is composed of all independent directors. The CPAs shall report to the independent directors at least four times a year on the financial condition and overall operation of the Company and its domestic and overseas subsidiaries, as well as on internal control audits. In addition, CPAs shall make adequate explanation to the independent directors regarding the impact of the amendments to the laws and regulations on the financial statements.
2. Communication between independent directors and CPAs is as follows:

to position	Key items to communicate	Results
2022.2.25	The CPAs reported at the CPAs audit completion meeting and the Audit Committee meeting ✓The CPAs reported on the completeness of the 2021 consolidated financial statements and parent company only financial statements and relevant issues encountered in the process of audit, and the management responded to any questions raised. ✓The CPAs discussed and communicated the questions raised by the participants. ✓The CPAs communicated key audit matters in the audit report. ✓The CPAs explained the impact of recent important legal amendments and the application of the new standards.	The 2021 financial statements have been reviewed and approved by the Audit Committee and submitted to and approved by the Board of Directors, and announced and reported to the competent authority as scheduled.
2022.5.11	The CPAs reported at the CPAs audit completion meeting and the Audit Committee meeting ✓The CPAs reported on the completeness of the 2022 Q1 consolidated financial statements and relevant issues encountered in the process of review, and the management responded to any questions raised. ✓The CPAs discussed and communicated the questions raised by the participants.	The 2022 Q1 financial statements have been reviewed and approved by the Audit Committee and submitted to the Board of Directors, and announced and reported to the competent authority as scheduled.
2022.7.29	The CPAs reported at the CPAs audit completion meeting and the Audit Committee meeting ✓The CPAs reported on the completeness of the 2022 Q2 consolidated financial statements and relevant issues encountered in the process of review, and the management responded to any questions raised. ✓The CPAs discussed and communicated the questions raised by the participants.	The 2022 Q2 financial statements have been reviewed and approved by the Audit Committee and submitted to the Board of Directors, and announced and reported to the competent authority as scheduled.
2022.11.04	The CPAs reported at the CPAs audit completion meeting and the Audit Committee meeting ✓The CPAs reported on the completeness of the 2022 Q3 consolidated financial statements and relevant issues encountered in the process of review, and the management responded to any questions raised. ✓The CPAs discussed and communicated the questions raised by the participants. ✓The CPAs communicated key audit matters in the audit report.	The 2022 Q3 financial statements have been reviewed and approved by the Audit Committee and submitted to the Board of Directors, and announced and reported to the competent authority as scheduled.

2. Highlights of the 2022 Annual Audit Committee’s Operations

(1) The Company’s Audit Committee met 7 times during the year 2022. Matters required to be reviewed by the Audit Committee include:

- ➢ The Company’s financial reports; auditing and accounting policies and procedures;
- ➢ Internal control systems and related policies and procedures;
- ➢ Amendments to the Procedures for Acquisition or Disposal of Assets
- ➢ Material lending of funds;
- ➢ Independence and competency of the attesting CPA;

- Appointment and compensation of attesting CPA;

(2) Review the final accounts

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and proposal for allocation of profits. The CPA firm of Deloitte & Touche was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements. The 2022 Business Report, Financial Statements, and profit allocation proposal have been reviewed by the Audit Committee, and found to be in compliance with the relevant regulations of the Company Act. The Audit Committee's Report therefore to be issued.

(3) Evaluate the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the policies and procedures of the internal control system (including financial, operational, risk management, information security, compliance with laws and regulations, and others) of the Company.

The Audit Committee concluded that the Company's risk management and internal control systems have been effective and that the Company has adopted the necessary control mechanisms to monitor and correct the irregularities.

(4) Appointment of the attesting CPA

2022.1.26 (the 20th meeting of the 3rd term) The Audit Committee approved the independence and suitability of Shao-Chun Wu and Li-Tung Wu, CPAs at Deloitte & Touche, and confirmed they were competent to serve as the CPAs of the Company.

(III) Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established "Corporate Governance Best-Practice Principles," which have been disclosed on the Company's website and the Market Observation Post System.	No material difference.
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V V V		(1) The Company has established [Procedures for Handling Material Inside Information] and has designated a spokesperson, an acting spokesperson, and staff for stock affairs to effectively handle issues related to shareholders' suggestions or disputes. (2) The Company has designated staff to handle related matters with the assistance from the stock agency "Yuanta Securities Stock Agency Department." So the Company is able to control the list of major shareholders effectively. (3) The Company's internal control covers risk management at the corporate level and operational activities at the operational level. We have also established the "Regulations on the Supervision of Subsidiaries" to implement the risk control mechanism for our subsidiaries. The Company's Board of Directors has also approved the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises," which regulate the purchase and sale transactions, acquisition	No material difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		or disposal of assets, endorsement and guarantee, and loan of funds between affiliates. (4) The Company has established the "Rules Governing the Handling of Material Inside Information," which are published within the Company at least once a year to inform and educate all employees.After the date of each board meeting is confirmed, the Company reminds all directors by email of not trading shares during the closed periods of 30 days before the annual financial statements are announced and 15 days before the quarterly financial statements are announced.	
3. Composition and responsibilities of the board of directors				No material difference.
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(1) Please refer to page 28 of this annual report for details.	
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?		V	(2) The Company has not voluntarily set up any other functional committees.	
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in	V		(3) The Company has established the "Rules Governing Self-Evaluation and Peer Evaluation of the Board of Directors" to conduct self-evaluation for 2022 and report the evaluation results to the Board of Directors. Please refer to page 42 of the Annual Report for information on the evaluation cycle, evaluation period, evaluation scope, evaluation method and evaluation	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
determining salary/compensation for individual directors and their nomination and additional office terms?			content.	
(4) Does the Company regularly evaluate its external auditors' independence?	V		(4) The Board of Directors evaluates the independence and suitability of the CPAs appointed in accordance with Article 29, paragraph 5 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and with reference to the Audit Quality Indicators (AQIs). The evaluation results for the most recent year (2023) have been approved by the resolution of the Board of Directors on 2023.1.18. The evaluation standards and results are as follows: 1. Independence: CPA Shao-Chun Wu and CPA Li-Tung Wu from Deloitte & Touche and members of the audit team have issued a "Statement of Independence." 2. Competency: The CPA is not a director or shareholder of the Company nor receiving salary from the Company; he/she is professionally competent; he/she participates in the Company's shareholders' meetings and attends the Audit Committee and the Board of Directors' meetings when necessary; and he/she provides relevant educational training to the Company on a regular basis. 3. Evaluation Result: We have reviewed and concluded that the independence and competence of the aforesaid CPAs are sufficient to serve as the	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			Company's attesting CPAs.	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The Company has appointed part-time personnel to handle corporate governance related matters.	No material difference.
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company has created a stakeholder zone on the Company's website and disclosed its contact information to respond to stakeholders.	No material difference.
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholders' meetings?	V		The Company appointed Department of Stock Agency of Yuanta Securities to handle matters related to shareholders' meetings.	No material difference.
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its	V		(1) The Company has a corporate website (www.sunspring.com.tw) available to disclose	Except for item (3), The rest have no material difference

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	 V (3) —	 (2) — V	financial operations and corporate governance information. (2) The Company has designated staff to be responsible for the collection and disclosure of the Company's information, and has also appointed a spokesperson and published the presentation of investor conference on the Company's website. The Company was invited to participate in the investor conferences held by securities firms in September and December of 2022. (3) The Company has published and reported the financial statements for the first, second, and third quarters of 2022 and published and reported the monthly operating performance in advance before a specified deadline but failed to publish and report the 2022 financial statements within two months after the end of the fiscal year.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(1) Employees' rights: The Company has established an employee welfare committee, adopted a pension system, and purchased employee group insurance as required by law. (2) Employee care: The Company provides group insurance, employee travel subsidies, year-end bonuses and other welfare measures to employees. The Company also protects the legal rights of employees in accordance with the Labor Standards Act and other relevant laws and regulations, and in addition to holding regular labor–management meetings and providing channels for employee	No material difference.

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			complaints so that employees can communicate with the Company smoothly. The Company also has a comprehensive online document management system that sets forth various management rules, specifies employee rights and obligations and welfare items, and regularly reviews the welfare contents to protect employee rights and interests. (3) Investor relations: The Company discloses information on the Market Observation Post System as required by law to protect the investors' rights. The Company's website contains e-mail addresses for investors and spokesperson contact information in order to maintain a healthy and harmonious relationship between the Company and its shareholders. (4) Supplier relationships: The Company has established "Regulations on Supplier Management" to ensure that the lead time, quality and price of suppliers meet the Company's needs. Therefore, the Company maintains a good communication and partnership with suppliers. (5) Stakeholders' rights: The Company's website (www.sunspring.com.tw) includes an "Investor Zone" to disclose financial and business-related information, which is linked to the "Market Observation Post System" for stakeholders' reference. The Company's stock transfer agency, Yuanta Securities Corporation, also assists the Company in handling questions and suggestions from the shareholders and stakeholders of	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			the Company. The Company will appoint an attorney or legal professional to handle any matters involving legal concerns in order to protect the stakeholders' rights and interests. (6) Information on directors' continuing education: Please refer to page 80 of the annual report. (7) Implementation of risk management policies and risk measurement standards: The Company has set up a risk management committee and established "Regulations on Risk Management" and "Operating Procedures on Risk Management" to develop a proactive risk management mechanism that allows the Company to identify, evaluate, respond to, report and monitor significant risks affecting current and future operations promptly through regular and occasional risk identification operations. The Company has also raised employees' risk awareness to ensure that the Company operates sustainably. Please refer to the "Risk Analysis and Assessment" section on page 254 of the Annual Report. (8) Implementation status of customer policy: The Company has set up a function to manage customer service in order to provide services and answer customers' questions regarding the Company's products, so that the Company can maintain a smooth contact channel with customers. We will expand our production bases/warehouses in Europe and the U.S. in response to customer requests, in order to serve our	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			customers locally, shorten the delivery time and obtain new product development and production technologies quickly. (9) Where the Company has purchased liability insurance for directors and supervisors: The Company provides liability insurance to its directors and officers every year, the latest period is from January 1, 2023 to January 1, 2024. The status of the insurance has been reported to the Board of Directors on January 18, 2023. (10) In order to strengthen the Company's operation and implement supervision function, the independent directors shall be advised by the Company's management team regarding the planning and execution of the Company's financial and business status and major operation plans in the Audit Committee. The independent directors shall make recommendations to the management based on their experience and expertise. The independent directors of the Company possess accounting or finance backgrounds and communicate with the Finance Department to review the reasonableness of the financial statements and provide relevant advice when necessary.	

9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement:
For the 8th Corporate Governance Evaluation (the evaluation year is 2021), the improvement made to the unscored items is described as follows:

Indicator Type	Indicator Content	Does it improve?	Description for not improving yet
1. Protect the shareholders' rights and treat them equally	1.7 Does the company uploaded the shareholder meeting manual and supplementary materials 30 days before the regular shareholder meeting?	Yes	
	1.10 Does the company uploaded the English version of the procedural manual and meeting supplementary materials 30 days before the regular shareholder meeting?	Yes	
	1.11 Does the company upload an English version of the Annual Report 7 days before the date of the annual shareholders' meeting?	Yes	
2. Strengthening the structure and operation of the Board of Directors	2.3 Is the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship?	No	A qualified candidate for chairman or president has not yet been found.
	2.4 Is there no more than two directors of the company who are related to each other as spouses or relatives within second degree of kinship?	No	A qualified candidate for director has not yet been found.
	2.5 Is the percentage of the Company's directors who are employees of the Company, its parents, subsidiaries or affiliates less than one-third of the total number of directors?	No	A qualified candidate for director has not yet been found.
	2.7 Is the number of independent directors of the company more than half of the number of directors?	Yes	
	2.9 Does the company have a succession plan for board of directors and key executives, and disclose their operations on the company's website or in the annual report?	No	Not yet planned.
	2.14 Does the Company have a functional committee other than the statutory one, with no less than three members, more than half of whom are independent directors, and more than one member with the required professional competence of the committee, and disclose its composition, duties and operations?	No	Insufficient internal and external resources
	2.15 Does the Company disclose the communication information between the independent directors and the internal auditors and accountants (e.g. the manner, matters and results of communication regarding the Company's financial reports and financial operations) on the Company's website?	Yes	
	2.21 Does the company have a corporate governance officer in charge of corporate governance-related matters, and does he/she explain scope of responsibilities, business execution priorities for the year, and training information on the company's website and annual report?	No	Considering the labor situation, we only have part-time corporate governance personnel at present.
	2.22 Does the Company have risk management policies and procedures that have been approved by the Board of Directors to disclose the scope of risk management, organizational structure and its operation?	No	Insufficient internal and external resources
	2.23 Did the Company's Board of Directors approve the rules on performance evaluation of	No	Insufficient internal and

			the Board of Directors and specify that an external evaluation will be conducted at least once every three years, and that the evaluation will be conducted in accordance with the deadlines set in the rules, and that the status of implementation and evaluation results will be disclosed on the Company's website or in the annual report?		external resources
		2.27	Does the company have an intellectual property management plan that is linked to its operational objectives, and does the company disclose the status of implementation on its website or in its annual report and report to the board of directors at least once a year?	No	Insufficient internal and external resources
	3. Enhance the information transparency	3.2	Does the company publish material information in English language as well?	Yes	
		3.5	Does the company upload its annual financial report in English language 7 days prior to the general shareholders' meeting?	Yes	
		3.6	Does the company disclose its interim financial report in English language within two months after the filing deadline of the Chinese version of the interim financial report?	Yes	
		3.8	Does the company voluntarily release its financial forecasts for the four quarters without any deficiencies corrected by the competent authority or addressed by the TWSE or the Taipei Exchange?	No	Insufficient internal and external resources
		3.13	Does the company's annual report voluntarily disclose the remuneration to each director and supervisor?	No	No plan yet.
		3.14	Does the company's annual report disclose the link between performance evaluation and remuneration of directors and managers?	Yes	
		3.18	Does the company have an English-language corporate website that contains financial, business and corporate governance-related information?	No	Insufficient internal and external resources
		3.20	Has the company been invited (conducted by itself) to hold at least two investor conferences with an interval of at least three months between the first and last investor conferences in the year being evaluated?	Yes	
		3.21	Does the company's annual report voluntarily disclose the remuneration to each President(s) or Vice President(s)?	No	No plan yet.
	4. Implementation of corporate social responsibility	4.1	Has the Company established an exclusively (or concurrently) dedicated unit for promoting corporate social responsibility to conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies, and disclose them on the company's website and annual report?	No	Insufficient internal and external resources
		4.2	Has the Company established an exclusively (or concurrently) dedicated unit to promote ethical corporate management and to formulate the ethical corporate management policy and program to prevent unethical conduct and monitor their implementation? The operation and implementation status of the unit is stated on the Company's website and annual report, and reported to the Board of Directors at least once a year?	Yes	
		4.3	Does the Company regularly disclose its CSR initiatives and implementation results on its website or in its annual report?	Yes	
		4.5	Has the CSR report prepared by the Company been verified by a third party?	Yes	

	4.6 Does the company formulate human rights protection policies and specific management plans with reference to international human rights conventions, and disclose them on the company website or annual report?	Yes	
	4.8 Does the company formulate policies to properly reflect business performance or results in employee compensation and disclose it on the company website or annual report?	No	Insufficient internal and external resources
	4.12 Does the Company establish policies for energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	No	Insufficient internal and external resources
	4.16 Has the company established and disclosed in detail on the company’s website a system for reporting unlawful (including corrupt) and unethical behavior by internal and external personnel?	Yes	
	4.17 Does the company’s website or CSR report disclose the formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and explain the status of their implementation?	No	Insufficient internal and external resources

(IV) The composition, duties, and operation of the Remuneration Committee:

1. Information on the members of the Remuneration Committee

Capacity (Note 1)	Qualifications / Name	Professional qualifications and experience (Note 2)	Independence analysis (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director (Convener)	Su-Ying Lee	• Possess working experience in commerce, law, finance, accounting or company business. • He is currently the independent director/member of audit committee/member of remuneration committee of NAK Sealing Technologies Corporation, Gourmet Master Co. Ltd. and KOAN HAO TECHNOLOGY CO., LTD. • He was the Vice President of Underwriting Department of Yuanta Securities. • Not under any circumstance under any subparagraph of Article 30 of the Company Act.	• The independent director, his/her spouse, or his/her relatives within the 2nd degree of kinship is not a director, supervisor or employee of the Company or any of its affiliates; does not hold any shares of the Company; is not a director, supervisor or employee of any company having a specified relationship with the Company. • There is no remuneration received for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.	3
Independent Director	Yu-Cheng Chen	• Possess working experience in commerce, law, finance, accounting or company business. • He is currently a professor in the Department of Finance at National Chung Hsing University and an independent director and member of the remuneration committee of Taiwan Sakura Corporation. • He was the chair of the accounting department of Providence University, independent director of TA CHIA YUNG HO MACHINE INDUSTRY CO., LTD., independent director of DA FON ENVIRONMENTAL TECHNOLOGY CO., LTD., independent director of Grand Bills Finance Corp., and independent director of Sentien Printing Factory Co., Ltd.	• The independent director, his/her spouse, or his/her relatives within the 2nd degree of kinship is not a director, supervisor or employee of the Company or any of its affiliates; does not hold any shares of the Company; is not a director, supervisor or employee of any company having a specified relationship with the Company. • There is no remuneration received for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.	1

Capacity (Note 1)	Qualifications / Name	Professional qualifications and experience (Note 2)	Independence analysis (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
		• Not under any circumstance under any subparagraph of Article 30 of the Company Act.		
Independent Director	Ying-Ke Lin	• Possess working experience in commerce, law, finance, accounting or company business. • He is now Professor in Department of Finance, National Chung Hsing University. • He was the independent director of Mega Financial Holding Co., Ltd., supervisor of Tetanti AgriBiotech Inc., member of Labor Funds Supervisory Committee and member of Labor Retirement Fund Supervisory Committee. • Not under any circumstance under any subparagraph of Article 30 of the Company Act.	• The independent director, his/her spouse, or his/her relatives within the 2nd degree of kinship is not a director, supervisor or employee of the Company or any of its affiliates; does not hold any shares of the Company; is not a director, supervisor or employee of any company having a specified relationship with the Company. • There are no remuneration received for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.	None

Note 1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an independent director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (1) on p.OO. For "Capacity," please specify whether the member is an independent director or other (if the member is the convener, please note that fact).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

2. Operation of the Remuneration Committee

The Company's 5th remuneration committee has a total of 3 members. (The members are the same as those in the fourth term)，term of office: starting from April 29, 2022 through April 28, 2025. From January 1, 2022 through December 31, 2022, the fourth and fifth committee held a total of six meetings (A). The attendance by the members was as follows:

Job Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (B/A)	Remarks
Convener	Su-Ying Lee	6	0	100%	Re-elected on Apr 29, 2022
Member	Yu-Cheng Chen	6	0	100%	Re-elected on Apr 29, 2022
Member	Ying-Ke Lin	6	0	100%	Re-elected on Apr 29, 2022

Other information required to be disclosed:

1. Implementation status:

Board of Directors Meeting date (session)	Remuneration Committee Meeting date (session)	Content of the motion(s) and results
2022.1.26 (1st meeting during 2022)	2022.1.26 (13th meeting of the 4th term)	1. Manager and employee remuneration for 2021. 2. The appointment of Mei-Chuan Shih as a senior special assistant to the Company's CEO's Office.
		➢ Remuneration Committee's review result: All the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Remuneration Committee's opinions: N/A. ➢ Board resolution result: All directors present agreed to pass the proposals as proposed.
2022.2.25 (2nd meeting during 2022)	2022.2.25 (14th meeting of the 4th term)	1. Review of the disclosures of the materials for the shareholders' meeting and remuneration to senior executives, managers, and directors in the annual report. 2. Review of the salary competitiveness and a comprehensive salary plan of senior executives and managers.
		➢ Remuneration Committee's review result: All the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Remuneration Committee's opinions: N/A. ➢ Board resolution result: All directors present agreed to pass the proposals as proposed.
2022.3.16 (3rd meeting during 2022)	2022.3.16 (15th meeting of the 4th term)	1. Review of the 2022 management team's business performance indicators – company as a whole and individuals. 2. Proposal for the Company's 2022 fixed salary adjustment for senior executives and managers.
		➢ Remuneration Committee's review result: All the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Remuneration Committee's opinions: N/A. ➢ Board resolution result: All directors present agreed to pass the proposals as proposed.

2022.5.11 (5th meeting during 2022)	2022.5.11 (1st meeting of the 5th term)	1. Proposal for the Company's fixed salary adjustment for senior executives and managers. 2. A salary plan for senior executives and managers.
		➢ Remuneration Committee's review result: All the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Remuneration Committee's opinions: N/A. ➢ Board resolution result: All directors present agreed to pass the proposals as proposed.
2022.7.29 (7th meeting during 2022)	2022.7.29 (2nd meeting of the 5th term)	1. Review of and suggestions about the remuneration management system for senior executives, managers, and directors. 2. A quarterly evaluation proposal for senior executives and managers.
		➢ Remuneration Committee's review result: All the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Remuneration Committee's opinions: N/A. ➢ Board resolution result: All directors present agreed to pass the proposals as proposed.
2022.11.04 (8th meeting during 2022)	2022.11.04 (3rd meeting of the 5th term)	1. The Remuneration Committee's 2023 work plan. 2. The salary adjustment proposal for the promotion of Mei-Chuan Shih from the senior special assistant to the CEO's Office to the Assistant Vice President, HR Division 3. A quarterly evaluation proposal for senior executives and managers.
		➢ Remuneration Committee's review result: All the members present agreed to pass the proposal as proposed. ➢ The Company's response to the Remuneration Committee's opinions: N/A. ➢ Board resolution result: All directors present agreed to pass the proposals as proposed.

2. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g. if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.

3. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		To promote sustainable development, we have established an ESG Management Committee dedicated to launching environmental and corporate governance measures related to the Company's operations. The committee members include the top-level managers from all relevant units. The committee is mainly responsible for water resources management, environmental protection permission management and relevant certifications, waste removal management, implementation of the organization-wide net zero policy, supervision and management of ESG implementation to reach targets, leading in the preparation of ESG Report, ensuring compliance with ESG international trends and regulatory changes in the organization, as well as regular reports to the Board of Directors. The Company's 2021 ESG Report was published in September 2022. Please visit the Company's website for the Company's corporate social responsibility specific implementation plan and implementation results.	No material difference.
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in		V	The Company and its subsidiaries have formulated the "Sustainable Management Best-Practice Principles" and "Social Responsibility Management	Related matters are still under planning

Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
accordance with the materiality principle, and formulate relevant risk management policies or strategies?			Manual” respectively, and continue to implement them and review their effectiveness.	
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics? (2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V V		(1) The process management of the Company is carried out in accordance with the environmental protection laws and regulations announced by the Environmental Protection Administration of the Executive Yuan and the environmental protection permit documents issued by the competent authority; the Company is located in the Central Taiwan Science Park, so the relevant operation should also be carried out in accordance with the autonomous regulations of the Central Taiwan Science Park Bureau. In addition, the Company actively encourages the use of resources for efficiency, including 1) e-operation, using the document management system to turn standardized documents into electronic documents, reduce the amount of paper used and recycle paper, and 2) only turn on air-conditioners when the indoor temperature is 26°C or higher. (2) The Company has established the “Regulations for Waste Management” and “Standard for Waste Storage and Transportation” for waste storage, transportation and treatment, and has	No material difference.

Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			also understood the production process, learned the material and waste correlation, and devoted itself to process reduction, resource recycling and employee education and training to achieve waste reduction. After coaching and matchmaking by the Central Taiwan Science Park Bureau, the Company has begun to treat and reuse wastewater and sludge from the electroplating process, to effectively improve the utilization rate of waste.	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(3) The Company's major production bases have been undergoing various renovations and improvements in relation to water, electricity, oil and gas facilities, such as the complete replacement of fuel oil with natural gas systems, the annual review of water recycling, and the reduction of the burden of air conditioning use through the plant ventilation and exhaust systems, which are listed as quarterly performance targets. The Company has conducted a greenhouse gas inventory and formulated energy saving and carbon reduction and greenhouse gas reduction strategies. All of our plants have been certified with ISO 14001 (valid from 2020/6/22 to 2023/4/11). Our plant in Taiwan has also been certified with ISO 50001 Energy Management System (valid from 2020/6/2 to 2023/3/30) and awarded by	

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<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</td><td>V</td><td></td><td>the Water Resources Agency, MOEA, as an excellent unit for water conservation and an excellent award for water conservation in the industry group. The Company continues to promote energy conservation measures.
(4) (a) Greenhouse gas emissions:
Unit: metric tons
<table>
<tr><th>Year</th><th>Scope I</th><th>Scope II</th><th>Emission per product unit</th></tr>
<tr><td>2021</td><td>800.64</td><td>17,114.18</td><td>5.50</td></tr>
<tr><td>2022</td><td>685.16</td><td>15,976.90</td><td>5.58</td></tr>
</table>
The Company is not in the statutory GHG inventory of the industry or the amount of fuel used does not meet the benchmark of the inventory; the Company has been conducting its own inventory of GHG emissions in scope 1 and 2 for the entire plant since 2018 to examine how the GHG emissions have impacted on the Company’s operations. According to the results of the greenhouse gas inventory, the main source of emission is the indirect source (electricity) in Category 2 (about 95%); the Company has implemented the ISO 50001 energy management system, conducted an annual inventory of all energy-consuming facilities (equipment), and formulated energy-saving plans to reduce electricity consumption.</td><td></td></tr>
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<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
(b) Water consumption:
Unit: cubic meters
<table>
<tr><th>Year</th><th>Water used in process</th><th>Domestic water</th><th>Water recycling rate for entire plant</th></tr>
<tr><td>2021</td><td>127,285</td><td>12,970</td><td>82.3%</td></tr>
<tr><td>2022</td><td>109,843</td><td>12,727</td><td>82.4%</td></tr>
</table>
The Company has set up a recycling water treatment system to recycle and reuse some of the process water, which effectively reduces the water consumption in the production process. In addition, a rainwater harvesting system is set up to recover rainwater that can be used for watering and irrigation.
(c) Total weight of waste :
Unit: matric tons
<table>
<tr><th>Year</th><th>Waste oil</th><th>Sludge</th><th>Waste dust</th><th>General waste</th><th>Recycled Materials</th></tr>
<tr><td>2021</td><td>69.7</td><td>113.6</td><td>337.5</td><td>83.9</td><td>682.29</td></tr>
<tr><td>2022</td><td>41.79</td><td>100.11</td><td>388.67</td><td>72.7</td><td>675.96</td></tr>
</table>
The Company organizes monthly announcements and broadcasts to promote environmental issues, including water conservation, waste sorting and process waste collection and sorting, to increase employees’ awareness on environmental protection and to implement sorting procedures, so as to increase the recycling rate of waste (including materials received) in the plant and reduce waste
</td><td></td></tr>
</table>

Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			removal costs.	
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? (2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation? (3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education	V V V		(1) The Company formulates relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions, provides labor and national health insurance for employees, and contributes to labor pension funds to ensure employees' rights. We also provide group accident insurance, life insurance and other commercial insurance for all employees. (2) The Company's employees' compensation shall be distributed in accordance with the Company's Articles of Incorporation. If there is any profit in the year, no less than 2% shall be set aside as employee compensation and distributed to the employees taking into account their seniority and quarterly performance evaluations. The Company has established an Employee Welfare Committee which plans and provides various benefits for employees, i.e. birthday allowance, wedding allowance, funeral assistance, departmental meal subsidies and special store discounts. (3) The Company is committed to providing a safe and healthy work environment for its employees. The Company adopts disaster	No material difference.

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>for employees?</td><td></td><td></td><td>prevention and disaster avoidance as its core concepts, uses appropriate management tools and available resources, proposes effective preventive measures to prevent accidents, strengthens employee protection management and occupational disease prevention, continues to promote a safety and health concept, and creates a zero-hazard work environment. We have also been certified with ISO 45001 Occupational Safety and Health Management System. (Valid from June 22, 2020 to June 22, 2023)
The implementation of the work safety education and training for the last two years is as follows:
<table><tr><th>Year</th><th>Number of participants</th><th>Number of hours</th></tr><tr><td>2021</td><td>977</td><td>2,420</td></tr><tr><td>2022</td><td>606</td><td>1,769</td></tr></table>In 2022, the frequency of in-plant disability injury is 12.25, with 25 cases and 25 persons injured in the plant. (Approximately 2.6% of the total number of employees at the end of 2022) did not achieve the target of 0 accidents in the plant, and the related improvement measures are as follows:
(a) Investigate and formulate improvement plans or countermeasures for the broken</td><td></td></tr>
</table>

Item	Implementation status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			machines, equipment and operating environment, revise management rules or operation manuals, strengthen employee education and training, and provide monthly occupational disaster announcements to advocate accident cases in order to avoid repetitive public injury accidents. (b) The plant shall coordinate the work resumption mechanism so that the sick and injured employees can return to their original jobs or arrange temporary jobs as soon as possible.	
(4) Has the Company established effective career development training programs for employees?	V		(4) The Company currently trains its employees through on-the-job training and is gradually establishing career plans for employees.	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		(5) The marketing and labeling of the Company's products and services are in compliance with relevant laws and international standards. The Company has established customer value propositions and product quality guidelines, as well as a method for handling customer complaints, and has set up an exclusive contact to communicate with customers in order to achieve prompt and effective results.	
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues	V		(6) The Company has established the Sustainable Management Best-Practice Principles to evaluate whether suppliers have any records	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation status</th><th rowspan="2">Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?</td><td></td><td></td><td>that may affect the environment and society, and to avoid trading with those who violate our corporate social responsibility policies. The contract shall be considered to include compliance with the CSR policy of both parties. If the supplier violates the policy and has a significant impact on the environment and society, the Company may terminate or cancel the contract anytime.</td><td></td></tr>
<tr><td>5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?</td><td>V</td><td></td><td>The Company has followed the GRI Standards: Core and has referred to the AA1000’s three principles of materiality, completeness, and responsiveness to compile our CSR report. However, we did not obtain any confirmation or assurance from the third-party verification body and obtained the independent assurance report from the CPAs at Ernst & Young Taiwan.</td><td>No material difference.</td></tr>
<tr><td colspan="5">6. If the Company has adopted its own sustainable development best-practice principles based on the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations: No material difference.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the company’s promotion of sustainable development: None.</td></tr>
</table>

(VI) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
1. Establishment of ethical corporate management policies and programs (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and by-laws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?		V	(1) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct," but has not yet designated a unit under the Board of Directors to promote ethical corporate management. Currently, it is concurrently executed by the Company's System Operation Office and reported to the Board of Directors.	No material differences, except for (1), which is still under planning.
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPE Listed Companies?	V		(2) The Procedures for Ethical Management and Guidelines for Conduct formulated by the Company have specified that the directors, managers and all employees are prohibited from engaging in any business activities that pose a higher risk of unethical conduct as described in paragraph 2 of Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies or in other scope of business.	
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(3) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct," which specifies its procedures, guidelines for conduct, disciplinary actions for violations, and a grievance system to indicate	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			ethical management and to prevent unethical behavior. The Company also reviews the implementation status periodically.	
2. Ethical Management Practice (1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts? (2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation? (3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies? (4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit	V V V	 V	(1) The Company has assessed the ethics records of those it has business relationships with and has found no transactions with those with unethical records. (2) Regarding the promotion of ethical corporate management, the Company has an independent internal auditing department that conducts audits and internalizes the relevant rules and regulations, but has not yet established a dedicated unit under the Board of Directors to promote ethical corporate management. Currently, it is concurrently executed by the Company's System Operation Office and reported to the Board of Directors. (3) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and has specified the conflict of interests policy and has provided appropriate communication and complaint channels. (4) The Company has established a comprehensive and effective accounting system and internal control system. In addition to the periodic audits by the internal audit unit, the Company also appointed Deloitte & Touche to review the	No material differences, except for (2), which is still under planning.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?			financial statements of the Company on a regular basis.	
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" to implement education and training for newly recruited employees. The training status has been submitted to the Board of Directors on January 18, 2023.	
3. Implementation of Complaint Procedures (1) Has the company established specific whistleblowing and reward procedures, set up conveniently accessible whistleblowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	V		(1) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and a whistleblower system and complaint channel, which can be used by internal and external employees through the Company's website and internal independent whistleblower e-mail. E-mail for complaints: auditcommittee@sunspring.com.tw	No material difference.
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		(2) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and has specified that the identity of the whistleblower and the content of the report shall be kept confidential.	
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		(3) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and has specified that the Company has taken measures to protect whistleblowers from retaliation for filing complaints.	

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
4. Strengthening Information Disclosure (1) Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		(1) At present, the Company discloses the relevant information on the Company's website and the Market Observation Post System.	No material difference.
5. If the company has adopted its own ethical corporate management best-practice principles based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: No material difference.				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g. the company's reviewing and amending of its ethical corporate management best-practice principles): None.				

(VII) If the company has adopted corporate governance best-practice principles or related by-laws, disclose how these are to be searched:

1. The company has adopted corporate governance best-practice principles or related by-laws as follows:
    (1) Corporate Governance Best-Practice Principles.
    (2) Rules of Procedure for Shareholders' Meetings.
    (3) Rules of Procedures for Board of Directors Meetings.
    (4) Regulations for Election of Directors.
    (5) Procedures for Acquisition or Disposal of Assets.
    (6) Procedures for Loaning Funds to Others.
    (7) Regulation for Endorsement and Guarantee.
    (8) Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises.
    (9) Remuneration Committee Charter.
    (10) Audit Committee Charter.
    (11) Rules for Performance Evaluation of Board of Directors.
    (12) Procedures for Ethical Management and Guidelines for Conduct.
    (13) Sustainable Development Best-Practice Principles.
    (14) Regulation for Supplier Management.
2. Enquiries: Please search the Company's website (http://www.sunspring.com.tw) under "Corporate Governance" or download the "Rules Governing the Establishment of Corporate Governance" under "Corporate Governance" from the Market Observation Post System (http:// mops.twse.com.tw).

(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance:

1. The Company's internal procedures for handling material information: The Company has established the "Rules Governing the Handling of Material Inside Information," which clearly define the mechanism for handling and disclosing material information within the Company and serve as a guideline for directors, managers and employees to follow. The relevant rules have been submitted to the Board of Directors for approval, have been announced internally and training has been provided to all employees.
2. Certification of Employees Whose Jobs are Related to the Release of the Company's Financial Information:

Certification	Finance/Accounting
Certified Internal Auditor	1 person

3. Directors' continuing education in 2022:

Job Title	Name	Date of Appointment	Training Date	Organizer	Course Name	Hours of Training	Total Training Hours
Chairman	Ching-Chi Yang	2022.04.29	2022.07.29	Securities and Futures Institute	Carbon Management Trends Toward Net-Zero and Countermeasures	3	6
			2022.11.04	Securities and Futures Institute	Legal Responsibilities for Corporate Fraud and Necessary Knowledge of Criminal Cases in Court	3	
Director	Cheng-Fa Yang	2022.04.29	2022.07.29	Securities and Futures Institute	Carbon Management Trends Toward Net-Zero and Countermeasures	3	6
			2022.11.04	Securities and Futures Institute	Legal Responsibilities for Corporate Fraud and Necessary Knowledge of Criminal Cases in Court	3	
Director	Shu-Chuan Yang	2022.04.29	2022.07.29	Securities and Futures Institute	Carbon Management Trends Toward Net-Zero and Countermeasures	3	6
			2022.11.04	Securities and Futures Institute	Legal Responsibilities for Corporate Fraud and Necessary Knowledge of Criminal Cases in Court	3	
Independent Director	Yu-Cheng Chen	2022.04.29	2022.03.09	Taiwan Institute of Directors	Leaders Academy Forum: Reboot New Reality – Digital New Taiwan	3	6

Job Title	Name	Date of Appointment	Training Date	Organizer	Course Name	Hours of Training	Total Training Hours
			2022.05.06	Taiwan Corporate Governance Association	Sustainability Blueprint, Ethical Corporate Management Best-Practice Principles, and Procedures for Insider Trading Prevention	3	
Independent Director	Su-Ying Lee	2022.04.29	2022.07.29	Securities and Futures Institute	Carbon Management Trends Toward Net-Zero and Countermeasures	3	6
			2022.11.04	Securities and Futures Institute	Legal Responsibilities for Corporate Fraud and Necessary Knowledge of Criminal Cases in Court	3	
Independent Director	Ying-Ke Lin	2022.04.29	2022.07.29	Securities and Futures Institute	Carbon Management Trends Toward Net-Zero and Countermeasures	3	6
			2022.11.04	Securities and Futures Institute	Legal Responsibilities for Corporate Fraud and Necessary Knowledge of Criminal Cases in Court	3	
Independent Director	Lien-Kai Hsu	2022.04.29	2022.05.09	Taiwan Investor Relations Institute	Global Net Zero Trend and How Enterprises Can Respond	3	6
			2022.11.07	Taiwan Investor Relations Institute	Green and Digital Transformation	3	

4. 2022 continuing education for managers:

Job Title	Name	Date of Appointment	Training Date	Organizer	Course Name	Hours of Training	Total Training Hours
Taiwan Manufacturing Operations Vice President	Chin-Fang Huang	1986.3.12	2022.7.15	Taiwan Industrial and Commercial Safety and Health Association	On-the-job Safety and Health Training Course for Occupational Safety and Health Management Personnel and Occupational Safety and Health Affair Managers	6	10
			2022.12.7	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	
			2022.12.14	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	
Taiwan Manufacturing Operations Vice President	Ming-Sheng Wang	2014.7.15	2022.5.31~ 2022.6.1	Labor Education Association of the R.O.C.	On-the-job Safety and Health Training Course for Occupational Safety and Health Management Personnel and Occupational Safety and Health Affair Managers	6	6
Taiwan Manufacturing Operations Assistant Vice President	Chun-He Huang	2003.6.24	2022.4.7	Taiwan Industrial and Commercial Safety and Health Association	On-the-job Safety and Health Training Course for Hazardous Operations Manager (Specific Chemical Substance Operations Manager)	6	16
			2022.7.21	Taiwan Industrial and Commercial Safety and Health Association	On-the-job Safety and Health Training Course for Occupational Safety and Health Management Personnel and Occupational Safety and Health Affair Managers	6	
			2022.12.7	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	
			2022.12.14	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	
Taiwan Manufacturing Operations Assistant Vice President	Chun-Hsiu Lee	2015.6.1	2022.2.17	R.O.C. Industrial Safety and Health Association	On-the-job Safety and Health Training Course for Occupational Safety and Health Management Personnel and Occupational Safety and Health Affair Managers	6	6
Taiwan Manufacturing	Wen-Feng Wu	2015.12.17	2022.8.24	Taiwan Industrial	On-the-job Safety and Health Training Course	3	53.5

Job Title	Name	Date of Appointment	Training Date	Organizer	Course Name	Hours of Training	Total Training Hours
Operations Assistant Vice President				and Commercial Safety and Health Association	for Operators of Forklift with Capacity of 1 Ton or More		
			2022.9.12~ 2022.9.19	Otsuka Information Technology Corp.	PTC Creo Basic Modeling Design 3D	21	
			2022.9.22	Otsuka Information Technology Corp.	PTC Creo Engineering Drawing 2D	7	
			2022.10.18~ 2022.10.20	Corporate Synergy Development Center	Energy Manager Training Course	18.5	
			2022.12.7	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	
			2022.12.14	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	
Taiwan Manufacturing Operations Assistant Senior Vice President	Chun-Ting Yeh	2009.12.1	2022.11.25	Feng Chia University	2022 Manufacture CIO	4	4
ESG Division Vice President	Ting-Chieh Chen	2022.12.1	2022.12.7	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	4
			2022.12.14	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	
Internal Audit Division Assistant Vice President	Wen-Chuan Chi	2010.2.22	2022.7.27	The Institute of Internal Auditors	Loan Lending, Endorsements/Guarantees, and Asset Acquisition and Disposal Regulations and Practice Analysis	8	19
			2022.7.29	Securities and Futures Institute	Carbon Management Trends Toward Net-Zero and Countermeasures	3	
			2022.9.7	The Institute of Internal Auditors	Common Internal Control Defects in Each Type of Business Cycle and Case Sharing	8	
HR Service Division Assistant Vice President	Wan-Chi Yang	1998.2.11	2022.12.7	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	4

Job Title	Name	Date of Appointment	Training Date	Organizer	Course Name	Hours of Training	Total Training Hours
			2022.12.14	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	
Finance & Accounting Division Assistant Vice President	Yung-Fu Wu	2004.9.13	2022.7.29	Securities and Futures Institute	Carbon Management Trends Toward Net-Zero and Countermeasures	3	24.5
			2022.10.25	Deloitte & Touche	Introduction and Influence of the Controlled Foreign Company Rules for Profit-seeking Enterprises	1.5	
			2022.11.4	Securities and Futures Institute	Legal Responsibilities for Corporate Fraud and Necessary Knowledge of Criminal Cases in Court	3	
			2022.11.24~ 2022.11.25	Accounting Research and Development Foundation	Continuing Training Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12	
			2022.12.7	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	
			2022.12.14	Taipei Exchange	Taipei Exchange Greenhouse Gas Inventory and Verification Awareness-raising Session	2	
			12022.12.23	Deloitte & Touche	The Latest Edition of the TIFRS and the Regulations Governing the Preparation of Financial Reports by Securities Issuers	1	

(IX) Implementation status of the internal control system:

1. Statement of the Internal Control System

SUNSPRING METAL CORPORATION
Statement of the Internal Control System

February 23, 2023

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2022:

1. The Company’s Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The judgment items of the internal control system adopted in the “Regulations” are the process of management control, and the internal control system is divided into the following five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision. There are several items in each key component. Please refer to the Regulations for the preceding items.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company’s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been approved by the board meeting of the Company on February 23, 2023. 7 directors attended the meeting agreed with the contents of this Statement.

SUNSPRING METAL CORPORATION

Chairman: Ching-Chi Yang

President: Ching-Chi Yang

2. If CPA was engaged to conduct a special audit of internal control system, provide its audit report: None.

(X) During the most recent year and up to the date of printing of the annual report, the punishment of the company and its insiders in accordance with the law, the company's punishment on its insiders for violating the provisions of the internal control system, and the major deficiencies and improvement:

Punishment content	major missing	improve the situation
Insiders An administrative fine of NT$80,000	The Company's insiders violated Article 22-2 of the Securities and Exchange Act.	We kept the insiders fully informed of the applicable regulations on equity transfer.

(XI) Important resolutions of shareholders' meetings and board meetings in the most recent year and as of the date of printing of the annual report.

1. Important resolutions of 2022 shareholders' meetings and implementation status:

Meeting date	Important resolutions and implementation status
2022.04.29	1. Ratified the 2021 financial statements. 2. Ratified of the 2021 earnings distribution proposal. Execution: Regarding the 2021 earnings distribution, a total of NT$99,997,076 of cash dividends was paid out to shareholders, that is, NT$0.5 per share. The above cash dividends were paid out on December 9, 2022. 3. Partial amendments to the Articles of Incorporation. Execution: It will be executed after it is adopted by the resolution of the shareholders' meeting. 4. Partial amendments to the Rules of Procedure for Shareholders' Meetings. Execution: It will be executed after it is adopted by the resolution of the shareholders' meeting. 5. Partial amendments to the Procedures for Asset Acquisition and Disposal. Execution: It will be executed after it is adopted by the resolution of the shareholders' meeting. 6. Comprehensive re-election of directors Elected list: Directors: Representative of He Yi Investment Co., Ltd - Ching-Chi Yang Representatives of He-Yi Investment Co., Ltd - Cheng-Fa Yang, Shu-Chuan Yang Independent directors: Yu-Cheng Chen, Su-Ying Lee, Ying-Ke Lin, Lien-Kai Hsu 7. Proposal to lift the non-competition restrictions imposed on the new directors of the company. Execution: It will be executed after it is adopted by the resolution of the shareholders' meeting.

2. Details of important resolutions adopted by the Board of Directors between 2022.1.1 and 2023.03.03 (date of publication):

Meeting date	Important resolutions
2022.01.26	1. Approved the replacement of CPAs. 2. Approved the evaluation of independence and competency of the attesting

Meeting date	Important resolutions
	CPAs. 3. Approved the 2022 CPAs' audit fees. 4. Approved the Company's 2022 financial targets. 5. Approved the partial amendments to the Articles of Incorporation. 6. Approved an election of all directors. 7. Approved the convening of the 2022 annual general meeting and acceptance of proposals and director candidate nominations from shareholders, each holding 1% or more of shares. 8. Approved the 2021 employee compensation (including managers).
2022.02.25	1. Approved the issuance of the Company's 2021 internal control statement. 2. Approved the Company's 2021 financial statements. 3. Approved the Company's 2021 earnings distribution proposal. 4. Approved the partial amendments to the 【Corporate Governance Best-Practice Principles】. 5. Approved the partial amendments to the 【Corporate Social Responsibility Best-Practice Principles】. 6. Approved the partial amendments to the 【Procedures for Acquisition or Disposal of Assets】. 7. Approved the revisions of the reports and discussions for the 2022 annual general meeting. 8. Approved the syndicated loan with CTBC Bank and Taipei Fubon Commercial Bank as the arranger.
2022.03.16	1. Approved the Company's 2022 business plan. 2. Approved the partial amendments to the 【Corporate Governance Best-Practice Principles】. 3. Approved the partial amendments to the【 Procedures for Handling Material Inside Information】. 4. Approved the partial amendments to the 【Articles of Incorporation】. 5. Approved the partial amendments to the 【Rules of Procedure for Shareholders' Meetings】. 6. Approved the revisions of the discussions for the 2022 annual general meeting. 7. Approved the nominations for director (including independent director) candidates and the review of nominees. 8. Approved the request to remove the non-compete clause for the Company's directors.
2022.04.29	1. Approved the election of the Chairman. 2. Approved the qualification review for and appointment of members of the 5th Remuneration Committee.
2022.05.11	1. Approved the Company's 2022 Q1 consolidated financial statements.
2022.05.27	1. Approved the proposal to dispose of the office of City Center Plaza by way of sale and leaseback.
2022.07.29	1. Approved the Company's 2022 Q2 consolidated financial statements. 2.Approved the assessment of receivables beyond a normal credit period (more than three months) to determine if they are loans.
2022.11.04	1. Approved the Company's 2022 Q3 consolidated financial statements. 2. Approved the assessment of receivables beyond a normal credit period (more than three months) to determine if they are loans. 3. Approved the 2023 audit plan. 4. Approved the partial amendments to the 【Rules of the Procedure for Board of Directors Meetings】.

Meeting date	Important resolutions
2023.01.18	1. Approved the evaluation of independence and competency of the attesting CPAs. 2. Approved the 2023 CPAs' audit fees. 3. Approved the partial amendments to the 【Corporate Governance Best-Practice Principles】. 4. Approved the convening of the 2023 annual general meeting and acceptance of proposals from shareholders, each holding 1% or more of shares. 5. Approved the replacement of the Company's spokesperson and acting spokesperson. 6. Approved the 2022 employee compensation (including managers).
2023.02.23	1. Approved the Company's 2023 business plan. 2. Approved the issuance of the Company's 2022 internal control statement. 3. Approved the Company's 2022 financial statements. 4. Approved the Company's 2022 earnings distribution proposal. 5. Approved the assessment of receivables beyond a normal credit period (more than three months) to determine if they are loans. 6. Approved the replacement of the Company's chief internal auditor and acting chief internal auditor.

(XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairman, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer:

March 3, 2023

Job Title	Name	Date of appointment	Date of dismissal	Reason for dismissal
Chief internal auditor	Wen-Chuan Chi	March 4, 2011	February 23, 2023	Job adjustment

V. Information on the professional fees of the attesting CPAs (external auditors)

(I) The amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services:

1. Information on the professional fees of the attesting CPAs (external auditors)

Unit: NT$ thousand

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	Shao-Chun Wu Li-Tung Wu	2022.01.01 ~ 2022.12.31	4,690	1,570	6,260	Non-audit fees include tax service, transfer pricing, group master reporting, tax consulting, business registration and salary review for non-executive positions.

2. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
3. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

(II) “Audit fees” means professional fees paid by the Company to its CPAs for audits and reviews.

VI. Information on replacement of certified public accountant: None.

VII. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) Changes in Shareholding:

Unit: shares

Job Title	Name	2022		2023 and up to March 3	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Director	He Yi Investment Co., Ltd.	0	0	0	0
Chairman and CEO	Ching-Chi Yang (Note 1)	0	0	0	0
Director and President	Cheng-Fa Yang (Note 1)	0	0	0	0
Director and Senior Vice President	Shen Shih (Dismissed on Aprial 29,2022)	(122,000)	0	0	0
Director and Senior Special Assistant to CEO's Office	Shu-Chuan Yang	0	0	0	0
Independent Director	Yu-Cheng Chen	0	0	0	0
Independent Director	Su-Ying Lee	0	0	0	0
Independent Director	Ying-Ke Lin	0	0	0	0
Independent Director	Lein-Kai Hsu (Appointed on Aprial 29, 2022)	0	0	0	0
Senior Vice President	Chun-Ting Yeh	0	0	0	0
Vice President	Cheng-Hung Wang	0	0	0	0
Vice President	Chih-Chi Hu	0	0	0	0
Vice President	Shun-Sheng Yang	0	0	0	0
Vice President	Chin-Fang Huang	0	0	0	0
Vice President	Ming-Sheng Wang	0	0	0	0
Vice President	Ding-Jie Chen (Appointed on December 1, 2022)	0	0	0	0
Vice President	Jin-Fa Zheng (Retired on February	(777)	0	0	0

Job Title	Name	2022		2023 and up to March 3	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
	23,2023)				
Assistant Vice President	Yung-Fu Wu	0	0	0	0
Assistant Vice President	Shih-Ming Tseng	0	0	0	0
Assistant Vice President	Chun-Ling Lee	0	0	0	0
Assistant Vice President	Shu-Chen Chen	0	0	0	0
Assistant Vice President	He-Lin Chen	(9,000)	0	0	0
Assistant Vice President	Wen-Chuan Chi	0	0	0	0
Assistant Vice President	Shih-Chun Chou	0	0	0	0
Assistant Vice President	Yu-Ching Lin	0	0	0	0
Assistant Vice President	Chi-Kuang Lu	0	0	0	0
Assistant Vice President	Kuo-Sheng Liang	0	0	0	0
Assistant Vice President	Chun-He Huang	0	0	0	0
Assistant Vice President	Chao-Tai Lien	0	0	0	0
Assistant Vice President	Wan-Chi Yang	0	0	0	0
Assistant Vice President	Wei-Chun Yang	0	0	0	0
Assistant Vice President	Chun-Hsiu Lee	0	0	0	0
Assistant Vice President	Mei-Chuan Shih	0	0	0	0
Assistant Vice President	Wen-Feng Wu	(7,000)	0	0	0
Assistant Vice President	Han-Sheng Liu (Dismissed on March 3, 2022)	0	0	0	0
Assistant Vice President	Yu-Hsien Chou (Dismissed on July 10, 2022)	0	0	0	0

Note 1: It is the legal representative of the He Yi Investment Co., Ltd.

Note 2: There is no supervisor because the Company has established an audit committee.

(II) If the counterparty of a transfer of shareholding or a pledge of shareholding is a related party: None.

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

Unit: shares; February 28, 2023

Name (Note 1)	Shares held By self		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Name	Relationship	
Ching-Chi Yang (Note 4)	43,113,438	21.56%	35,000	0.02%	0	0	Cheng-Fa Yang	First degree of lineal relative by blood	None
							Bi-Hua Huang	First degree of lineal relative by blood	
							Shu-Chuan Yang	Second degree of lineal relative by blood	
							Shu-Hui Yang	Second degree of lineal relative by blood	
							He Yi Investment	Chairman of He Yi Investment	
He Yi Investment Co., Ltd. (hereinafter referred to as He Yi Investment) Responsible Person: Ching-Chi Yang	24,267,957	12.13%	0	0	0	0	Ching-Chi Yang	Chairman of He Yi Investment	None
							Cheng-Fa Yang	Director of He Yi Investment	
							Shu-Chuan Yang	Supervisor of He Yi Investment	
Ching-Chi Yang (Note 4)	43,113,438	21.56%	35,000	0.02%	0	0			
SUCCESS VICTORY INVESTMENT INC. Responsible Person: Cheng Tsun-Jen	12,924,505	6.46%	0	0	0	0	None	None	None
Cheng Tsun-Jen	0	0	0	0	0	0			
Cheng-Fa Yang	11,135,000	5.57%	4,258,649	2.13%	0	0	Bi-Hua Huang	Spouse	None
							Ching-Chi Yang	First degree of lineal relative by blood	
							Shu-Chuan Yang	First degree of lineal relative by blood	
							Shu-Hui Yang	First degree of lineal relative by blood	
							He Yi Investment	Director of He Yi Investment	
Shu-Chuan Yang	5,598,606	2.80%	0	0	0	0	Cheng-Fa Yang	First degree of lineal relative by blood	None
							Bi-Hua Huang	First degree of lineal	

Unit: shares; February 28, 2023

Name (Note 1)	Shares held By self		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 3)		Remarks
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	Name	Relationship	
								relative by blood	
							Ching-Chi Yang	Second degree of lineal relative by blood	
							Shu-Hui Yang	Second degree of lineal relative by blood	
							He Yi Investment	Supervisor of He Yi Investment	
Bi-Hua Huang	4,258,649	2.13%	11,135,000	5.57%	0	0	Cheng-Fa Yang	Spouse	None
							Ching-Chi Yang	First degree of lineal relative by blood	
							Shu-Chuan Yang	First degree of lineal relative by blood	
							Shu-Hui Yang	First degree of lineal relative by blood	
Hsiu-Chun Lin	2,802,472	1.40%	0	0	0	0	None	None	None
Shu-Hui Yang	2,214,055	1.11%	0	0	0	0	Cheng-Fa Yang	First degree of lineal relative by blood	None
							Bi-Hua Huang	First degree of lineal relative by blood	
							Ching-Chi Yang	Second degree of lineal relative by blood	
							Shu-Chuan Yang	Second degree of lineal relative by blood	
Ching-Chiang Lee	1,913,695	0.96%	0	0	0	0	None	None	None
Jing-Ren Zheng	1,793,000	0.90%	0	0	0	0	None	None	None

Note 1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Note 4: It is the legal representative of the He Yi Investment Co., Ltd.

X. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company

Unit: shares; March 3, 2023

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio
Sunspring Holding Corp.	38,232,000	100%	0	0%	38,232,000	100%
SUNSPRING AUTOMATION CORPORATION	6,650,000	95%	0	0%	6,650,000	95%
Golden Faith International Corp.	0	0%	8,900,000	100%	8,900,000	100%
Sunspring International Corp.	0	0%	23,631,516	100%	23,631,516	100%
SUNSPRING Industrial Ltd.	0	0%	0	100%	0	100%
SUNSPRING Metal (Zhuhai) Corporation	0	0%	0	100%	0	100%
Sunspring America Inc.	1,715	100%	0	0%	1,715	100%

Note: This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

Four. Fund Raising Status

I. Capital and Shares

(I) Source of capital stock

1. Source of capital stock

Unit: thousand shares; NT$ thousand

Month/Year	Issue Price	Authorized Capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital stock	Capital paid in by assets other than cash	Other
July/1984	10	200	2,000	200	2,000	Incorporation (in cash)	-	-
May/1987	10	700	7,000	700	7,000	NT$5,000 in cash	-	-
September/1989	10	2,000	20,000	2,000	20,000	NT$13,000 in cash	-	-
May/1995	10	5,600	56,000	5,600	56,000	NT$36,000 in cash	-	-
November/1999	10	7,600	76,000	7,600	76,000	NT$20,000 in cash	-	-
January/2000	10	8,238.4	82,384	8,238.4	82,384	Capitalization through earnings of NT$6,384	-	-
August/2001	10	15,000	150,000	15,000	150,000	NT$67,616 in cash	-	(Note 1)
November/2003	10	18,000	180,000	18,000	180,000	Capitalization through earnings of NT$30,000	-	(Note 2)
December/2003	30	28,000	280,000	28,000	280,000	NT$100,000 in cash	-	(Note 3)
April/2004	10 30	42,240	422,400	42,240	422,400	Capitalization through earnings of NT$22,400 NT$120,000 in cash	-	(Note 4)
October/2004	10 15	90,000	900,000	90,000	900,000	Capitalization through capital reserve of NT$440,000 NT$37,600 in cash	-	(Note 5)
June/2005	10	150,000	1,500,000	114,300	1,143,000	Capitalization through earnings of NT$225,000 Capitalization through capital reserve of NT$18,000	-	(Note 6)
October/2006	10 32	150,000	1,500,000	132,945	1,329,450	Capitalization through earnings of NT$171,450 NT$15,000 in cash	-	(Note 7)
March/2007	43	200,000	2,000,000	156,545	1,565,450	NT$236,000 in cash	-	(Note 8)
December/2007	52	200,000	2,000,000	170,115	1,701,150	NT$135,700 in cash	-	(Note 9)
March/2008	10	200,000	2,000,000	164,334	1,643,340	Capital reduction of NT$57,810 from treasury stock	-	(Note 10)
October/2011	10	200,000	2,000,000	163,000	1,630,000	Capital reduction of NT$13,340 from treasury stock	-	(Note 11)
April/2015	10	200,000	2,000,000	163,471	1,634,714	New restricted employee shares of NT$4,714	-	(Note 12)
August/2015	10	200,000	2,000,000	163,404	1,634,046	Capital reduction of NT$668 from cancellation of new restricted employee	-	(Note 13)

Unit: thousand shares; NT$ thousand

Month/Year	Issue Price	Authorized Capital		Paid-in capital		Remarks		
		No. of shares	Amount	No. of shares	Amount	Source of capital stock	Capital paid in by assets other than cash	Other
						shares		
May/2016	10	200,000	2,000,000	163,672	1,636,719	New restricted employee shares of NT$2,673	-	(Note 14)
May/2016	10	200,000	2,000,000	163,648	1,636,483	Capital reduction of NT$236 from cancellation of new restricted employee shares	-	(Note 15)
November/2016	10	200,000	2,000,000	163,587	1,635,869	Capital reduction of NT$614 from cancellation of new restricted employee shares	-	(Note 16)
March/2017	10	200,000	2,000,000	164,073	1,640,729	New restricted employee shares of NT$4,860	-	(Note 17)
March/2017	10	200,000	2,000,000	163,721	1,637,208	Capital reduction of NT$3,521 from cancellation of new restricted employee shares	-	(Note 18)
August/2017	10	200,000	2,000,000	163,643	1,636,432	Capital reduction of NT$776 from cancellation of new restricted employee shares	-	(Note 19)
May/2018	10	200,000	2,000,000	163,428	1,634,282	Capital reduction of NT$2,150 from cancellation of new restricted employee shares	-	(Note 20)
March/2019	10	200,000	2,000,000	163,014	1,630,142	Capital reduction of NT$4,140 from cancellation of new restricted employee shares	-	(Note 21)
September/2021	10	200,000	2,000,000	199,994	1,999,942	NT$369,800 in cash	-	(Note 22)

Note 1: No. of Approved: Letter from MOEA dated April 4, 2003, Jin-Shou-Shang-Zhong-Zi No. 09201095680.

Note 2: No. Approved: Letter from MOEA dated November 3, 2003, Jin-Shou-Zhong-Zi No. 09232891370.

Note 3: No. Approved: Letter from MOEA dated December 30, 2003, Jin-Shou-Zhong-Zi No. 09233192510.

Note 4: No. Approved: Letter from MOEA dated April 14, 2004, Jin-Shou-Shang-Zi No. 09331975630.

Note 5: No. Approved: Letter from MOEA dated October 28, 2004, Jin-Shou-Shang-Zi No. 09301203820.

Note 6: No. Approved: Letter from MOEA dated June 21, 2005, Jin-Shou-Shang-Zi No. 09401108790.

Note 7: No. Approved: Letter from MOEA dated October 25, 2006, Jin-Shou-Shang-Zi No. 09501234980.

Note 8: No. Approved: Letter from FSC dated December 21, 2006, Jin-Kuan-Zheng-Yi-Zi No. 0950158891.
Letter from MOEA dated March 20, 2007, Jin-Shou-Shang-Zi 09601052370.

Note 9: No. Approved: Letter from FSC dated October 12, 2007, Jin-Kuan-Zheng-Yi-Zi No. 0960056226.
Letter from MOEA dated December 5, 2007, Jin-Shou-Shang-Zi No. 09601296850.

Note 10: No. Approved: Letter from FSC dated February 12, 2008, Jin-Kuan-Zheng-San-Zi No. 0970005249.
Letter from MOEA dated April 11, 2008, Jin-Shou-Shang-Zi No. 09701086720.

Note 11: No. Approved: Letter from FSC dated October 24, 2008, Jin-Kuan-Zheng-San-Zi No. 09700560007.
Letter from MOEA dated October 18, 2011, Jin-Shou-Shang-Zi No. 10001240510.

Note 12: No. Approved: Letter from FSC dated September 17, 2014, Jin-Kuan-Zheng-Fa-Zi No. 1030037212.
Letter from MOEA dated April 2, 2015, Jin-Shou-Shang-Zi No. 10401046480.

Note 13: Letter from MOEA dated August 20, 2015, Jin-Shou-Shang-Zi No. 10401176890.

Note 14: Letter from MOEA dated May 6, 2016, Jin-Shou-Shang-Zi No. 10501081380.

Note 15: Letter from MOEA dated May 11, 2016, Jin-Shou-Shang-Zi No. 10501093080.
Note 16: Letter from the MOEA dated November 10, 2016, Jin-Shou-Shang-Zi No. 10501262700.
Note 17: Letter from MOEA dated March 17, 2017, Jin-Shou-Shang-Zi No. 10601028950.
Note 18: Letter from MOEA dated March 23, 2017, Jin-Shou-Shang-Zi No. 10601035550.
Note 19: Letter from MOEA dated August 9, 2017, Jin-Shou-Shang-Zi No. 10601112950.
Note 20: Letter from MOEA dated May 17, 2018, Jin-Shou-Shang-Zi No. 10701048910.
Note 21: Letter from MOEA dated March 21, 2019, Jin-Shou-Shang-Zi No. 10801030020.
Note 22: No. Approved: Date July 16, 2021, Jin-Kuan-Zheng-Fa-Zi No. 1100348730.
Letter from MOEA dated September 24, 2021, Jin-Shou-Shang-Zi No. 11001168550.

2. Total shares

Type of stock	Authorized Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock (shares)	199,994,152	5,848	200,000,000	Listed stock

3. Information Relating to the Shelf Registration System: Not Applicable.

(II) Shareholder Composition

February 28, 2023

Type of Capital Source / Item	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of shareholders	0	1	37	8,081	61	8,180
No. of shares held	0	1,299,000	26,188,848	151,539,206	20,967,098	199,994,152
Shareholding ratio (%)	0.00%	0.65%	13.09%	75.78%	10.48%	100.00%

(III) Diffusion of ownership

1. Common stock

February 28, 2023

Range of no. of shares held	No. of shareholders	Shareholding	Shareholding ratio (%)
1 to 999	671	87,564	0.04
1,000 to 5,000	5,392	11,082,275	5.54
5,001 to 10,000	909	7,249,077	3.62
10,001 to 15,000	309	3,904,498	1.95
15,001 to 20,000	208	3,826,465	1.91
20,001 to 30,000	226	5,705,911	2.85
30,001 to 40,000	99	3,474,840	1.74
40,001 to 50,000	80	3,657,651	1.83
50,001 to 100,000	142	10,187,873	5.09
100,001 to 200,000	66	9,146,019	4.57
200,001 to 400,000	41	11,221,223	5.61
400,001 to 600,000	12	5,562,932	2.78
600,001 to 800,000	5	3,421,412	1.71
800,001 to 1,000,000	3	2,653,291	1.33
1,000,001 and above	17	118,813,121	59.43
Total	8,180	199,994,152	100.00

2. Preferred shares: Not applicable.

(IV) List of major shareholders (shares held by shareholders with a stake of 5 percent or greater, or by the shareholders who rank in the top 10 in shareholding percentage):

February 28, 2023

Shares Names of major shareholders	No. of shares held	Shareholding ratio (%)
Ching-Chi Yang	43,113,438	21.56%
He Yi Investment Co., Ltd. (Note 1)	24,267,957	12.13%
SUCCESS VICTORY INVESTMENT INC. (Note 2)	12,924,505	6.46%
Cheng-Fa Yang	11,135,000	5.57%
Shu-Chuan Yang	5,598,606	2.80%
Bi-Hua Huang	4,258,649	2.13%
Hsiu-Chun Lin	2,802,472	1.40%
Shu-Hui Yang	2,214,055	1.11%
Ching-Chiang Lee	1,913,695	0.96%
Jing-Ren Zheng	1,793,000	0.90%

Note 1: Please refer to page 25 for its major shareholders

Note 2: 100% owned by Cheng Tsun-Jen through PROPER SUCCESS LIMITED.

(V) Provide share prices for the past 2 fiscal years, together with the company’s net worth per share, earnings per share, dividends per share, and related information.

Unit: NT$

Fiscal year Item			2021	2022	2023 up to March 3 (Note 8)
Market price per share	Highest		39.80	28.90	24.85
	Lowest		22.00	20.30	22.40
	Average		28.39	24.81	23.72
Net worth per share	Before distribution		32.69	36.47	-
	After distribution		32.19	35.47 (Note 9)	-
Net worth per share	Weighted average shares (thousand shares)	Before adjustment	176,185	199,994	-
		After adjustment	176,185	199,994	-
	Earnings per share (net of tax)	Before adjustment	2.48	3.68	-
		After adjustment	2.48	3.68	-
Dividends per share	Cash dividends		0.50	1.00 (Note 9)	1.00 (Note 9)
	Stock dividends	Dividends from retained earnings	0	0	0
		Dividends from capital reserve	0	0	0
	Accumulated undistributed dividends		0	1.00 (Note 9)	1.00 (Note 9)
Return on investment analysis	Price/earnings ratio (Note 5)		11.45	6.74	6.45
	Price/dividend ratio (Note 6)		56.78	24.81	23.72
	Cash dividend yield (Note 7)		1.76%	4.03%	4.22%

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders' meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price/dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9: As stipulated in the Company's Articles of Incorporation, it has been resolved by the Board of Directors.

(VI) Company's dividend policy and implementation thereof

1. Dividend policy adopted in the company's Articles of Incorporation

When the Company makes a profit in each year's final accounts, the Company shall first compensate the accumulated losses with profits after tax before contributing 10% of the remaining net profits as legal reserve, provided that if the legal reserve has reached the Company's paid-in capital, the Company may no longer set aside the legal reserve. Then, the Company shall set aside or reverse the special reserve determined by the competent authority. The remaining balance, together with the accumulated undistributed earnings from the previous year, shall be distributed based on the following criteria as resolved at the shareholders' meeting: Based on financial, business and operational considerations, the Company may distribute 20% or more of the current year's net income as dividends to shareholders. For capital expenditures, business expansion needs and sound financial planning for sustainable development, dividends to shareholders may be paid in cash or in the form of stock, provided that cash dividends shall not be less than 20% of the total amount of dividends distributed to shareholders for the year.

If the Company has no earnings to distribute in the year, or has earnings but the amount of earnings is much lower than the actual earnings distributed in the previous year, or if the Company considers the financial, business and operational factors, the Company may distribute all or part of the reserves in accordance with the law or the regulations stipulated by the competent authority.

When all or part of the aforementioned dividends or reserves are paid to shareholders in cash, the Company shall authorize the Board of Directors to do so with the attendance of at least two-thirds of the directors and the resolution of a majority of the directors present, and report the resolution to the shareholders' meeting.

2. The dividend distributions proposed at the most recent shareholders' meeting:

The Company's board of directors resolved on February 23, 2023 to pay cash dividends to shareholders in the amount of NT$199,994,152, or NT$1 per share, in accordance with the Company's Articles of Incorporation.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

(VIII) Compensation of employees, directors, and supervisors

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

The Company's Articles of Incorporation provides that if the Company makes a profit in a year, not less than 2% of the profit shall be appropriated as employees' remuneration, which shall be distributed in the form of shares or in cash by resolution of the Board of Directors. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements. The Company may set aside not less than 1% of the aforesaid profits as remuneration to directors by resolution of the board of directors. The proposal of employees' compensation and remuneration of directors should be reported to the shareholders' meeting.

However, the Company's accumulated losses shall be covered first, and then employees' remuneration and directors' remuneration shall be provided in the ratio as described above.

2. Basis for estimation of employee's compensation and remuneration to directors and supervisors in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount:

   The Company appropriates not less than 2% and not more than 1% of the pre-tax profit before deducting employees' compensation and remuneration to directors for the year, respectively. The employees' compensation of $47,051 thousand for the year 2022 was estimated in accordance with the Company's Articles of Incorporation and with reference to the employees' performance evaluation and the industry standard. The amount was resolved to be paid in cash by the Board of Directors on January 18, 2023.

   Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date that the annual consolidated financial statements are authorized for issue are adjusted in the year that the compensation and remuneration are recognized. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

   The Board of Directors resolved on January 18, 2023 to distribute employees' compensation of NT$47,051 thousand and directors' compensation of NT$0 in cash.

   (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not applicable.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (2021):

Unit: NT$ thousand

Item	Distribution recipients	Amount resolved by the Board of Directors	Distribution method
Employee Compensation	Employee of the Company	52,852	Cash
Remuneration to directors	Director of the Company	0	
Total		52,852	

(IX) Status of a company repurchasing its own shares: None.

II. Information on the company’s issuance of corporate bonds: None.

III. Information on preferred shares: None.

IV. Information on global depository receipts: None.

V. Information on employee share subscription warrants: None.

VI. Information on new restricted employee shares: None.

VII. Information on issuance of new shares in connection with mergers or acquisitions, or with acquisitions of shares of other companies: None.

VIII. Implementation of the company’s capital allocation plans: None.

Five. Overview of Business Operations

I. A description of the business

(1) Scope of business

1. Business item
   - (1) Manufacture of Metal Structure and Architectural Components.
   - (2) Valves Manufacturing.
   - (3) Lock Manufacturing.
   - (4) Surface Treatments.
   - (5) Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
   - (6) Wholesale of Hardware.
   - (7) Wholesale of Molds.
   - (8) Mold and Die Manufacturing.
   - (9) Wholesale of Machinery.
   - (10) International Trade.
2. Weight of business

Unit: NT$ thousand

Type of Main Product	2022	
	Consolidated operating revenues, net	Weight of business (%)
Faucet parts	4,895,682	59
Faucet assembly	2,620,580	32
Others	720,525	9
Total	8,236,787	100

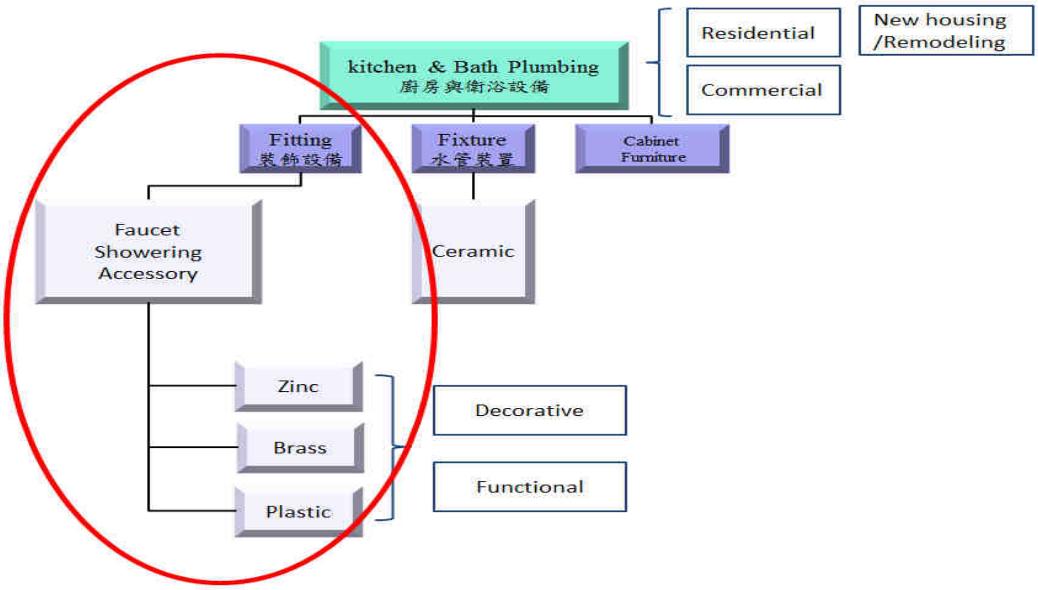
3. Current products
   - (1) Water faucet metal parts and components
   - (2) Various surface treatment services for special appearance.
4. New products planned for development
   - (1) We develop zinc die-casting faucet bodies combined with flexible water parts to meet the advanced environmental, safety and sanitation standards in Europe and the U.S. in order to increase added value and operating revenues.
   - (2) Develop new technology and process for special color appearance to ensure the leading position in the industry and increase the added value of products.

(II) An overview of the industry

1. Current status and development of the industry

The Company is in the decorative equipment industry under the kitchen and bathroom equipment industry, which includes faucets, bathroom accessories and shower system products, the parts of which can be classified into zinc, brass and plastic. In the application of faucet parts, it can be divided into external parts and functional parts. Exterior parts refer to the parts that are not in contact with the water, including handles and decorative trays; functional parts refer to the parts through which the water passes, including the body, spout, bend, and spool.

Kitchen and Bathroom Equipment Industry Links

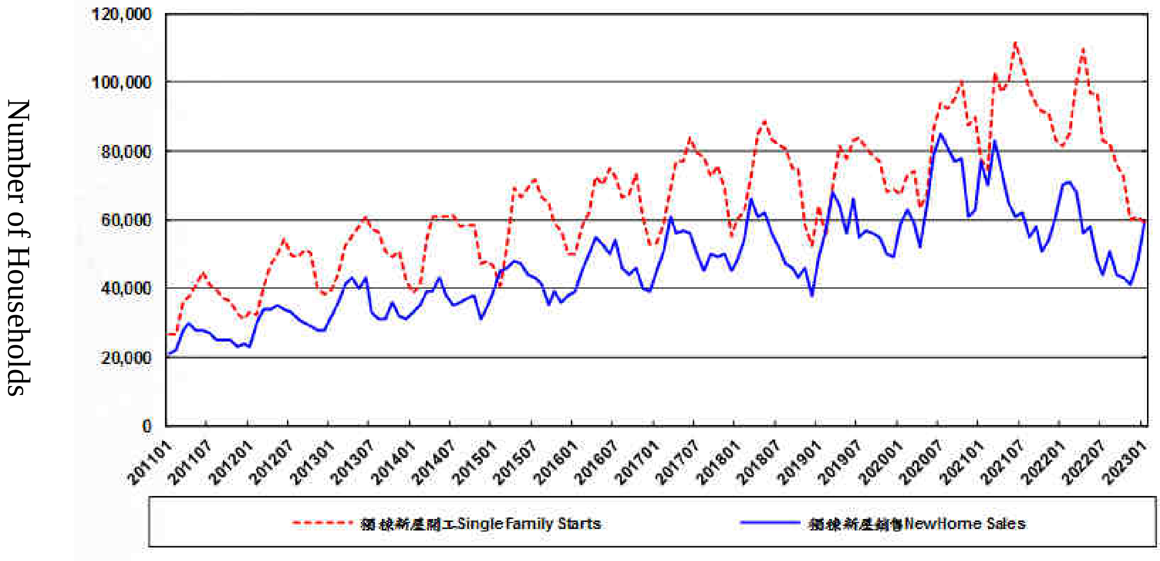


The consumer market for the kitchen and bathroom equipment industry can be divided into residential, commercial, and new home and renovation markets, and is therefore closely related to the real estate market boom. In addition to the demand for kitchen and bathroom equipment from new housing, the repair and renewal of old houses is also one of the market demands, but since the new housing market has its own boom cycle and the subsequent repair market is relatively stable, the kitchen and bathroom equipment market is more obviously affected by the new housing market.

Over 70% of the Company’s sales are in the North American market, so there is a high correlation between the housing boom in the U.S. and the Company’s sales. According to the “U.S. Housing Market Bottoming Out and the Impact on Taiwan’s Exports” in Issue 10 of the *Economic Research Journal* published by the Council for Economic Planning and Development, Executive Yuan on April 20, 2010, new home sales in the U.S. fluctuate significantly with the housing market boom and are closely related to the boom and bust of the construction industry.... According to the new housing statistics from 1990 to 2008, the percentage of new single-family homes accounted for about 80% of all new homes (up to 87% in 1993), so it should be quite credible to use new single-family homes as the basis for studying the U.S. housing market trend.

The average monthly single family housing construction was 73.0、74.0、82.6、93.9、83.7 thousand in the last five years (2018~2022), while the average monthly sales was 51.4、56.8、68.4、64.3、53.4 thousand in the last five years (2018~2022). It can be seen that in recent years, the U.S. housing market continued to recover steadily but was cooling down slightly due to inflation and interest rate hikes in 2022. In terms of housing demand, it is reasonable to assume that the U.S. housing market will grow gradually in the long run as the population and the economy grow, while going down in the short term because mortgage rates are raised and employment and income continue to rise but growing gradually in the long run. According to the prediction by the IMARC Group in October 2022, the demand for plumbing fixtures and fittings in the United States was estimated to have a compound annual growth rate (CAGR) of about 5.12% between 2022 and 2027.

The number of Single-Family Starts and Newhome Sales in the United States



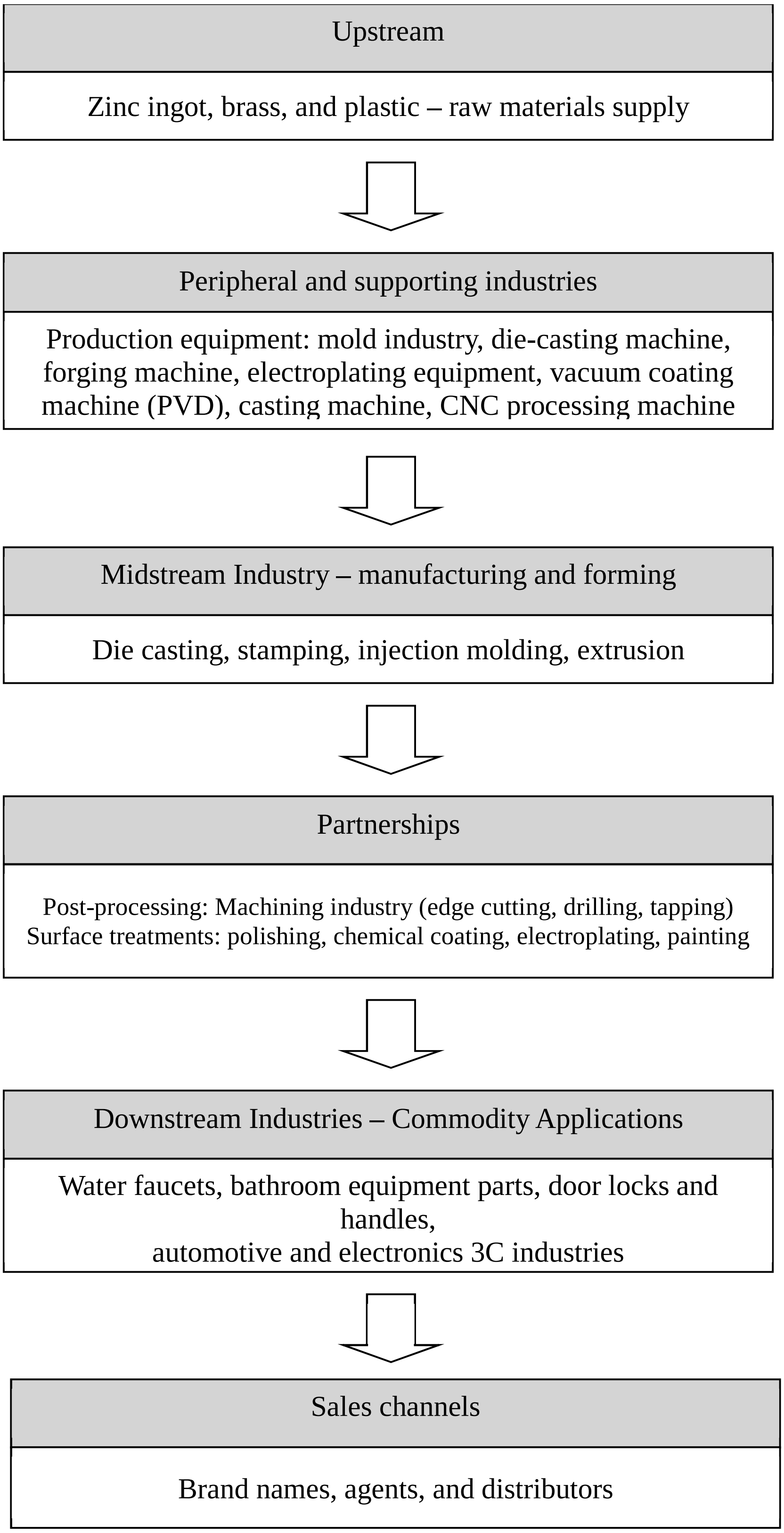
Source: U.S. Census Bureau

2. Links between the upstream, midstream, and downstream segments of the industry supply chain:

The Company is a manufacturer of kitchen and bathroom faucet parts and assemblies. In the diagram of upstream and downstream chain, the upstream raw materials and molding technology used are different of the products. For water faucets, the main materials can be divided into zinc, brass and plastic. The molding technology can be divided into casting, die-casting, forging, stamping, CNC precision machining, and hydraulic molding. After purchasing the raw materials and molding them with surface treatment technology, the parts will be sold directly to assembly factories or assembled into finished products and sold to the downstream industries through various channels.

The products developed are widely used as a result of the integrated technologies in casting, die-casting, forging, stamping, CNC precision machining, hydraulic molding and surface treatment. In addition to our main products, kitchen and bathroom faucet parts, the applications include door locks, handles, kitchen and bath hardware parts, automobile and motorcycle industries, and electronic industries.

Upstream, midstream, and downstream industry and product linkages



3. Development trends and competition for the company’s products

Regarding the faucet market, brass was the main raw material at first. Later on, zinc-based faucets with external components and water flow functions made of brass and plastic were developed. In terms of raw material cost, brass is more expensive than zinc, and then zinc is more expensive than plastic. In the part of the faucet that passes through the water pipe, due to the stability of the material molecules and the difficulty of oxidation, brass and plastic are still the main raw materials for the functional parts that pass through the water pipe, and zinc products are mainly for the external parts. The U.S. market is currently dominated by zinc faucets with brass or plastic functional parts, while the European market is dominated by brass faucets.

In recent years, various countries across the world have formulated lead regulations for drinking water faucets. The U.S. Lead Free Act passed in 2011 specifies that the lead level in U.S. pipelines and equipment in contact with drinking water is to be reduced from the original 8% to 0.25%. This Act has been implemented in the United States in 2014. In Europe, Germany has also taken the lead in amending its drinking water regulations on lead level in water pipes, and other countries have also followed. China’s new national standard for lead is also under discussion.

According to the solutions available in the market, lead-free or low lead faucets are considered as one of the solutions. However, as the lead level decreases, the processing performance decreases significantly and the requirements for technology increase, resulting in higher costs. Since zinc has good flexibility and the cost of zinc is only about 1/3 of that of brass, faucets made of zinc as the external part and brass or plastic as the water pipe material have been developed. The demand for this type of faucet in the United States continues to increase, while in Europe, although brass is still the main material, the demand for this type of faucet is also increasing. But with the implementation of low lead standards in drinking water, the penetration rate of our zinc faucet products, including flexible pipes, will continue to increase in countries in Europe and the United States. Emerging markets such as China are expected to follow the development in Europe and the United States.

Currently, the Company’s strategy is to offer comprehensive support in order to satisfy all customer needs. Not only do our sales executives maintain a close relationship with our customers, but our staffs who handle the orders and other related personnel in the Company are also able to communicate directly with the customers to achieve zero time lag in service. As a result, customer dependence and service satisfaction are high, making it difficult for other competitors to enter our core customers and creating a competitive niche.

The Company’s major sales markets are in North America and Europe. Due to the relatively low production costs in Mainland China and Southeast Asia, competitors have cut prices to compete. However, due to the Company’s excellent product quality and service reputation, its long-term cooperation with customers and comprehensive services provided, the Company is able to maintain high quality products and reasonable profits. Therefore, the Company’s operations will not be significantly affected.

Overall, due to the excellent quality of our products and the value-added services we provide to our customers, we have become a major supplier to the world’s leading brands in the kitchen and bathroom equipment industry, such as Moen, Delta, Kohler, American Standard, Grohe, Hansgrohe, Hansa and Dongdao, and have built up an inseparable dependence on our customers.

(III) An overview of the company’s technologies and its research and development work

1. Research and development expenses for the most recent year and up to the publication date of the annual report

In response to the new product and mold development and process capability improvement for improving our product quality and production efficiency, as well as strengthening our competitiveness, we have been actively investing in various research and development projects over the years.

R&D expenses spent during the most recent year:

Unit: NT$ thousand

Year / Item	2022	2023 and up to February 28
Consolidated R&D expenses	54,852	8,502
Consolidated operating revenues, net	8,236,787	873,284
R&D expense ratio	0.67%	0.97%

2. Technologies and/or products successfully developed during the preceding fiscal year and in the current fiscal year up to the date of the publication of the report
   (1) R&D for new products and tool manufacturing:

   Number of developed tooling casts (only for zinc die-casting tool, brass casting tool and hydro forming tool, excluding brass forging tool, bending tool, stamping tool and sand core tool):

Year	2022	2023 and up to March 3
Quantity (pcs)	90	21

   (2) New finish development: 1 finishes in 2022.

   2023 and up to March 3: 0

   (3) Manufacturing technology development：Continuing to introduce the integrated cell automation, and manual & hybrid assembly lines.

(IV) The company’s long- and short-term business development plans

1. Management strategy
   (1) Short-term plan
      A. Continuously implement TQM/QS/ISO quality management system to consistently improve product quality performance.
      B. Use management guidelines and daily management methods to achieve company goals and policies and gradually realize the business vision.
      C. Introduce an informative production on-site management system to reduce costs and increase operational efficiency, thereby enhancing the company’s overall competitiveness.
      D. Operating headquarter introduced ISO 20000 service management system to enhance the operation process for each management function and strengthen the service provided to each operation organization within the Group, so that the operation performance can be improved comprehensively.
      E. Introduce the ERM system to strengthen the response to threats and reduce the possible impact caused by risk incidents.
      F. Introduce BCM (Business Continuity Management) system to ensure that the Company minimizes damage and protects employees when emergencies occur

and that operations are quickly restored to the minimum service level.

    G. Introduce BPM mechanism to improve internal process efficiency and operation quality to meet the future development needs.

  (2) Long-term plan

  Establish a management system across countries to build the foundation for the Group to operate globally.

2. Marketing strategy
  (1) Short-term plan
    A. Continue to develop the European market.
    B. Continue to promote new materials and high value-added products.
    C. Strengthen the diversity of products to meet the customers' needs in one order.
  (2) Long-term plan
    A. Make strategic alliances with well-known international brands and manage customer relationships in a custom-made manufacturer style to generate profits by increasing turnover with high growth rate and market share.
    B. Continue to develop OEM market and move towards ODM market.
    C. Multi-angle management, cross into other metal products industry, such as: door locks, automotive, etc.
3. Production strategy
  (1) Short-term plan
    A. Ensure that the five aspects including process capability, product development, product quality, delivery service and cost competitiveness satisfy our customers' needs.
    B. Upgrade the automation production technology, integrate the processes and shorten the production time to improve the product quality and yield.
    C. Implement ISO 9000, ISO 14000, ISO 45001 and ISO 50001 management systems for quality, environment, occupational safety and health, and energy in all operating stages.
    D. Continuously promote 7S campaign (Seiri, Seiton, Seiso, Seike, Shitsuke, Safety, and Speed/Saving).
    E. Centralize the procurement for key raw materials in order to control quality and improve bargaining power.
    F. Actively recruit talents to strengthen our product development and design capabilities.
  (2) Long-term plan
    A. Adopt international division of labor and maximize profits.
    B. In response to customer's demand for small quantity and various samples, we develop quick mold change system to improve mold change efficiency.
4. Financial strategy
  (1) Short-term plan
    A. Implement the budget system to facilitate financial planning.
    B. Adopt a financial independence strategy for overseas subsidiaries.
    C. Train talents for new business investment and management.
  (2) Long-term plan
    A. Train financial and management talents across countries.

II. An analysis of the market as well as the production and marketing situation

(I) Market Analysis

1. The geographic areas where the main products of the Company are provided

The geographic areas of the Company and Group are:

Unit: NT$ thousand

Year / Area		2021		2022	
		Amount	%	Amount	%
Local (Domestic)	Taiwan	2,653	0	2,905	0
	Overseas	1,184,772	12	1,097,739	13
	Sub-total	1,187,425	12	1,100,644	13
Export (export)	America	6,291,966	65	4,929,515	60
	European	1,349,608	14	1,291,897	16
	Asia	805,561	9	903,157	11
	Other	3,383	0	11,574	0
	Sub-total	8,450,518	88	7,136,143	87
Total		9,637,943	100	8,236,787	100

2. Market share

Since the Company's main product line is zinc alloy die-casting faucet parts, the information on the production and sales status of this item is not yet available in the market. The Company's main customers are still concentrated in North America and Europe, where the market share of the top five faucet brands in North America and Europe exceeds 60% and all the top five brands in these two regions are also customers of the Company.

Based on the ratio of purchases from each customer, the Company has a high market share of zinc alloy die-casting parts in faucets of well-known brands in the United States and Europe, and is the leading manufacturer of zinc alloy die-casting parts for faucets.

3. Demand and supply conditions for the market in the future, and the market's growth potential

As the global division of labor, the shift of the world's manufacturing system and the booming of emerging markets have influenced the major brand manufacturers, they are also seeking the most favorable way to divide the global value chain. The faucets and bathroom parts, various valves and other products can be transported over long distances, the international brand manufacturers are mainly purchased from external sources, except for retaining some assembly capacity. Since the 1990s, international brands have been rapidly increasing their purchases of bathroom parts and accessories from China due to the magnetic effect of the world's factories and the vast market there.

According to a research report published by Global Industry Analysts in January 2022, the global bathroom equipment is estimated to grow at a compound annual growth rate (CAGR) of about 5.12% from 2022 to 2027, and the market size is expected to reach US$110.9 billion in 2027. The U.S. and China are the largest residential sanitary equipment markets in developed countries and developing countries, respectively. According to the study by The Freedonia Group, Inc. on the U.S. sanitary equipment market in December 2020, although the COVID-19 pandemic may cause a slowdown in demand for bathroom equipment in 2020 and 2021, it is expected to return to the pre-pandemic growth level in 2024. The compound annual growth rate (CAGR) from 2020 to 2024 is expected to be approximately 4.4%, and the U.S. bathroom equipment market size will be approximately US$15.9 billion in 2024. The growth is primarily driven by rising new residential construction and renovation projects, increasing adoption on water-saving devices such as low-flow showerheads and faucets, and the increase in products that promote ease of use for the elderly or disabled.

Overall, as the kitchen and bathroom equipment industry in developing countries and developed countries is expected to be rising in the next few years, the Company is in this steadily growing industry and is benefiting from the gradual establishment of the value chain division of labor in the industry and the noticeable shift of manufacturing and assembly functions to Asia by overseas brand manufacturers; therefore, the Company’s future growth potential will be greater than the overall industry.

4. Competitive niches

(1) Strong R&D and technical capability

The Company has strong research and development capabilities in product design and manufacturing technology for both product appearance and production molds, which are the best in the industry. Each year, the Company helps customers to develop new products continuously. The R&D technicians combine their professional know-how in materials and machinery with their experience in the industry, constantly experimenting and accumulating professional experience to shorten the development time and respond quickly to customer needs and rapidly adapt to the changing market trends. The Company’s ability to lead the industry in technological innovation is a major competitive niche in the market.

(2) Integrated resources effectively to achieve economic scale in production, with consistent and mass production capability

The Company has continuously invested manpower and time in improving the machinery to break through the bottleneck of mold design and manufacturing, in order to shorten the manufacturing time, strengthen the production control, improve the product yield and introduce the automatic computer control production method. We are able to effectively integrate the resources from suppliers and build a highly efficient supply system, from material melting, rapid model design and production, mold development and manufacture, forming, surface treatment, testing, and other consistent production operations, with mass production and the flexibility to respond to changes in product design, technology ahead of the industry.

(3) Good quality management system and strict quality requirements, product quality is well recognized by our customers

Thanks to the efforts made by all employees and the quality control department, we have not only obtained ISO 9001, ISO 14001, ISO 45001 and ISO 50001 certifications, but also require more stringent standards for internal control, so that the quality of our products is well recognized by our customers.

(4) Maintain inventory in our warehouses in our major markets and strengthen customer contact and after-sales services.

Our major customers are all well-known bathroom equipment manufacturers. In order to provide customers with the products in the proper quantity and at the right time, we keep stock in our North American and European warehouses to accommodate customers’ needs. With our product technology and reputation accumulated over the years, we actively cooperate with customers to provide timely after-sales service and obtain the latest product development and market dynamics in order to catch up with business opportunities.

(5) Have a professional management team

The Company has a professional management team. We have experienced executives in production, sales, human resources, R&D and finance.

In summary, the Company is highly competitive in terms of research and design, production scale, quality and control over the market trend. With the combination of management, R&D, production and marketing capabilities and resources, the Company is capable to compete with its peers in Asia.

5. Positive and negative factors for future development, and the company's response to such factors

(1) Positive factors:

The demand for the Company's products in North America and Europe, the Company's main export markets has been increasing every year, which is favorable to the Company's business growth.

A. For cost-saving reasons, major manufacturers in Europe and the United States have moved their production and procurement bases to Asia, which is conducive to the Company's business expansion in the vicinity and helps customers to reduce costs and increase profits and product competitiveness.

B. The current customers are highly satisfied with the Company in general and rely heavily on the Company's external surface treatment, which is conducive to the business growth of other products.

C. At present, the Company mainly engages in the sale of zinc alloy products. There is high chance to develop and apply zinc alloy products to other industries.

D. Our factory in China and our U.S. subsidiary provide services to major customers in the U.S. and Europe, which helps to enhance our competitiveness.

(2) Negative factors and countermeasures:

A. Few customers and sales locations have been overly concentrated in the top five customers in the U.S., increasing operational risk.

Countermeasures: The Company has been actively engaged in market development in Europe and Japan with well-known faucet brands and has achieved remarkable results.

B. Zinc alloy products purchased by major customers are mostly bought from the Company, so there is limited room for future growth.

Countermeasures: In addition to the original zinc alloy products, we have added brass forging, brass gravity casting, brass low-pressure casting and brass CNC processing to our product lines. Recently, we have also developed zinc alloy products that can replace brass for casting faucets to provide services to existing customers and to achieve the economics of scope.

C. Price cut competition from manufacturers in China and Southeast Asian countries.

Countermeasures: The Company has established factories in China for many years and has constructed a new factory in Taiwan. We are constantly improving our manufacturing process, simplifying it and increasing the level of automation to reduce production costs while improving quality to keep up with market competition. We have moved from being a pure OEM supplier who only sells products to becoming a close partner to our customers by providing design, engineering, ODM, material planning and logistics integration, so that we can get away from the battle for pure price competition.

D. The price for international zinc alloy metal raw materials fluctuated significantly.

Countermeasures: The Company has a dedicated department to take charge of the procurement of key raw materials such as zinc alloy for the Group. So that we can have a better understanding on the latest international zinc alloy raw material price in order to determine the future direction. We take the opportunity to sign purchase contracts with our agents, so that we can purchase materials at a lower price to match the quantity needed for production. We will also establish a mechanism to pass on changes in raw material prices or to lock in raw material prices with our customers. In addition, we use derivative financial instruments to reduce the risk of price fluctuations on our operations by engaging in hedging transactions that comply with laws.

E. The Company's main raw materials are purchased from foreign countries. Most of the Company's products are exported to the United States and Europe, and the Company's main production base is in China. Therefore, most of the production costs are denominated in renminbi, which means that the Company is mainly affected by the fluctuation of the exchange rate between the U.S. dollar and renminbi.

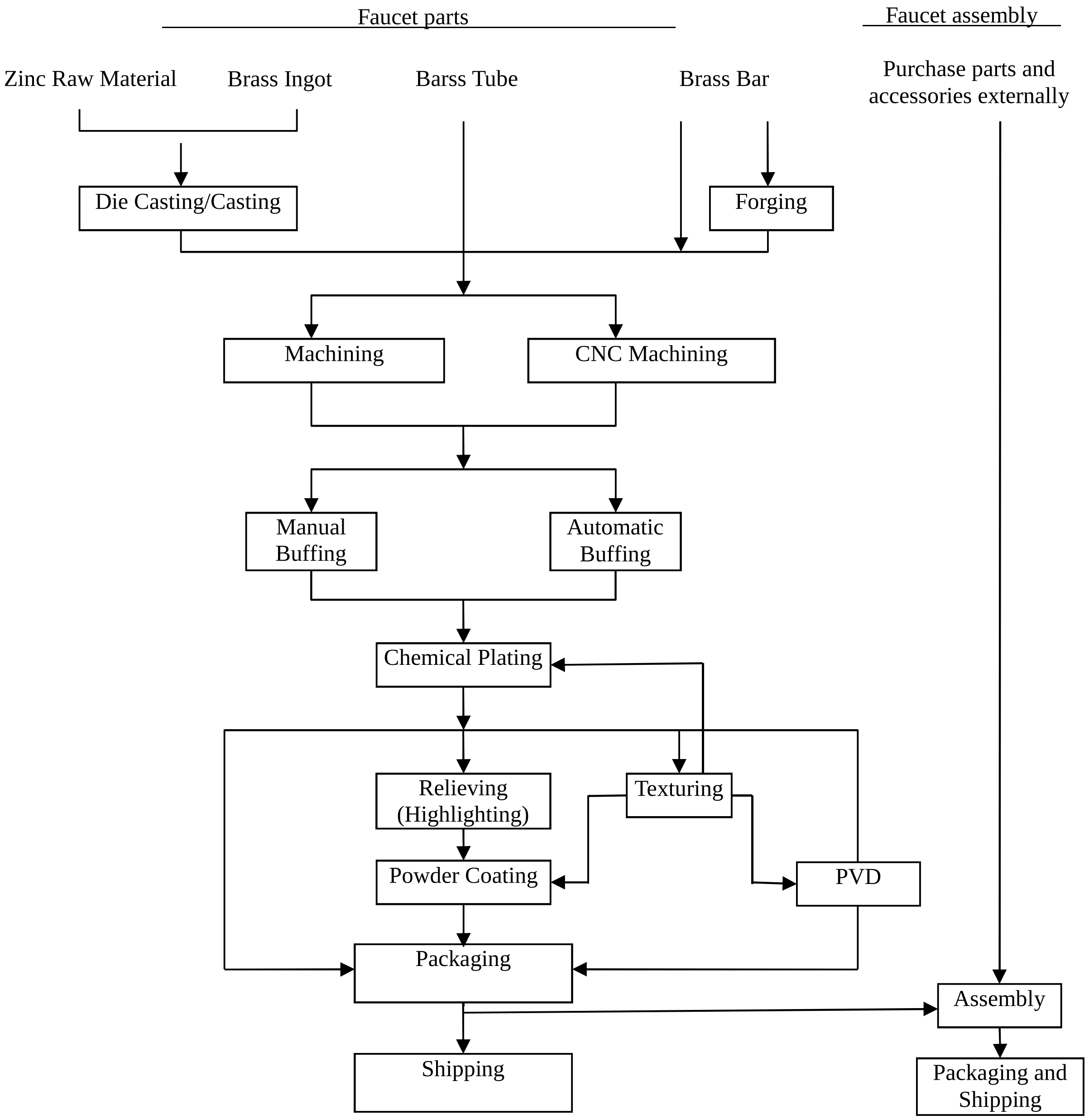
Countermeasures: In response to exchange rate fluctuations, the Company has set up a mechanism for passing on exchange rate fluctuations or locking in exchange rate prices with its major customers. Depending on the global economic trends, the Company leverages derivative financial instruments and engages in hedging foreign exchange operations that comply with laws to reduce the risk of exchange rate fluctuations on the Company's operations.

(II) Usage and manufacturing processes for the company's main products

1. Usage for the company's main products

The Company mainly engages in the production of faucet parts and components. Its products are used by kitchen and bath brands to assemble bathroom equipment, or sold directly to customers for installation in kitchens or bathrooms by kitchen and bath brands.

2. Manufacturing processes for the company’s main products



(III) Supply situation for the company’s major raw materials

The Company maintains stable and mutually beneficial relationships with its major suppliers. The supply situation is positive.

(IV) Information on major suppliers and customers

1. List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years

Unit: NT$ thousand

Item	2021				2022			
	Name of entity	Amount	Percentage of annual net purchases (%)	Relationship with the issuer	Name of entity	Amount	Percentage of annual net purchases (%)	Relationship with the issuer
1	PAREX INTERNATIONAL CORP.	898,808	17	None	Zhejiang Smelt Supply Chain Co., Ltd.	625,879	16	None
2	VANGUARD METALS CORPORATION	620,834	12	None	PAREX INTERNATIONAL CORP.	419,156	10	None
	Other	3,760,176	71		Other	2,955,185	74	
	Net purchases	5,279,818	100		Net purchases	4,000,220	100	

The reason for the change by 20% or more: It is mainly due to the adjustment to the procurement strategy, and the inclusion of Zhejiang Smelt Supply Chain Co., Ltd.。

2. List all customers accounting for 10 percent or more of the Company's total sales amount in the 2 most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each.

Unit: NT$ thousand

Item	2021				2022			
	Name of entity	Amount	Percentage of annual net sales (%)	Relationship with the issuer	Name of entity	Amount	Percentage of annual net sales (%)	Relationship with the issuer
1	Customer A	6,000,677	62	None	Customer A	4,753,779	58	None
	Other	3,637,266	38		Other	3,483,008	42	
	Net sales	9,637,943	100		Net sales	8,236,787	100	

The reason for the change by 20% or more: The main reason is that the end consumer demand has weakened due to the inflation and interest rate rise in the United States, and customer A has reduced the purchase of goods in order to reduce inventory.

(V) Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: thousand pcs; NT$ thousand

Fiscal Year Output Volume Value Main products	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Faucet parts	84,288	70,955	5,400,785	84,288	56,504	4,407,905
Faucet assembly	4,237	3,242	2,787,962	4,237	2,661	2,404,068
Others	5,926	5,062	536,627	5,926	4,301	792,900
Total	94,451	79,259	8,725,374	94,451	63,466	7,604,873

Note 1: Production capacity refers to the quantity that the Company can produce using existing production facilities in normal operations, after consideration of factors such as necessary suspensions of operations and holidays.

Note 2: If there is substitutability in the production of any products, they may be calculated on a consolidated basis, and an explanatory note should be provided

(VI) Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: thousand pcs; NT$ thousand

Fiscal Year Sales Volume Value Main products	2021				2022			
	Local		Export		Local		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Faucet parts	6,599	629,347	62,027	5,657,528	3,474	380,119	43,900	4,515,563
Faucet assembly	0	0	3,133	2,792,990	0	0	2,587	2,620,580
Others	4,955	558,078	0	0	5,437	720,525	0	0
Total	11,554	1,187,425	65,160	8,450,518	8,911	1,100,644	46,487	7,136,143

III. Employees

The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level):

Year		December 31, 2021	December 31, 2022	2023 and up to March 3
Number of employees	Direct labor	2,805	1,649	1,489
	Indirect labor	1,785	1,609	1,512
	Administrative staff	436	427	418
	Total	5,026	3,685	3,419
Average age		37.59	39.53	40.07
Average years of service		5.55	7.49	7.92
Education distribution ratio	Ph.D.	0	0	0
	Master’s	55	49	47
	College	805	717	686
	Senior high school	1,368	1,112	1,020
	Below senior high school	2,798	1,807	1,666

IV. Disbursements for environmental protection

(I) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection), and disclosing an estimate of possible expenses that could be incurred currently and, in the future, and measures being or to be taken: None.

V. Labor relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor–management agreements:

1. The Company’s current employee benefit plans are:
   (1) Year-end bonus.
   (2) Group insurance.
   (3) Provide grants for departmental gatherings every six months.
   (4) Give out gift certificates on staff’s birthdays and special holidays.
   (5) Give congratulations and condolences for weddings and funerals.
   (6) Contracted stores offer discounts on shopping.
2. Employees’ education and training measures

   The Company has established the “Regulations for Education and Training Management” as a guideline for planning employee development and implementing training arrangements. We provide pre-employment orientation for new employees so that they can understand the Company’s history, objectives and mission, and become familiar with the working environment and related rules and regulations. The department head also provides professional training to the new employees in the department within three months after they are on board, so that they can be capable of performing various tasks. In addition, in order to continuously improve the performance and professional skills of the employees, each department not only prepares annual training plans according to the company’s development goals and conducts internal training, but also sends employees to participate in external training related to the business, so that experience and knowledge can be passed on and the latest information can be absorbed promptly. The following table shows the implementation status of education and training in 2022:

Course Type	Number of Courses	Hours of Training	Number of participants
Quality	100	1,434.00	521
Work Safety & Environmental Protection	197	2,606.00	887
HR Management	8	129.50	8
Financial Management	9	167.50	52
Internal Audit	11	136.50	56
Information	22	285.50	285
Employee orientation	568	4,674.28	2,507
general management	7	42.00	7
Operation Management	8	47.50	40
Production Technology	110	1,070.50	705
Procurement Management	5	33.00	10
R & D management	3	15.60	3
Other	3	205.00	205
Total	1,051	10,846.88	5,286

3. Employee retirement system and implementation status

The Company established the Labor Pension Fund Supervisory Committee in accordance with the Labor Standards Act, and has made monthly contributions to the Labor Pension Fund as required by the Act; the Company has also made contributions to the new system of retirement benefits since July 2005. The full amount of the defined benefit plan has been paid in accordance with the Actuarial Report on the 2022 Annual Employee Benefit Plan.

Subsidiaries in Mainland China are enrolled in social insurance plans administered and coordinated by local government authority in the PRC, which are on a defined contribution basis and pay pension insurance premiums to the government-administered social insurance plans; subsidiaries in North America are not required to make contributions to pension funds by the Company under local laws and regulations.

4. Status of labor–management agreements:

   The Company has followed the Labor Standards Act and other relevant laws and regulations to protect its employees' legitimate rights. In order to create healthy labor relations, the Company holds regular labor–management meetings and provides a channel for employees to make their complaints smoothly. Therefore, the labor–management relations of the Company have been smooth since its establishment, and there is no need for coordination due to labor disputes.

5. Protection measures for the working environment and employee's safety:
   (1) In accordance with the Occupational Safety and Health Act and related regulations, the Company has established an occupational safety and health management unit to implement occupational safety and health related matters.
   (2) Through regular maintenance and repair, the Company ensures the safety and health of all facilities and equipment to protect employees' health and safety.
   (3) Establish a standardized contract for each project in the Company and include the safety regulations to be followed by the contractor in order to avoid possible injuries during the project.
   (4) To enhance the effectiveness of safety and health management and align with international standards, the Company continues to promote the implementation of ISO 45001 occupational health and safety management systems in all production sites. Through systematic management and continuous improvement, we aim to eliminate occupational incidents and create a high-quality, safe, healthy and productive work environment.

6. The status of various measures for protecting employee rights:

   The Company has established a comprehensive online document management system that specifies various management procedures, clearly defines employees' rights, obligations, and benefits, and regularly reviews these benefits to protect employees' rights.

(II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:

Since its establishment, the Company has maintained harmonious labor relations and has not experienced any losses due to labor disputes. We estimate that the possibility of future losses due to labor disputes is extremely low.

(III) Evaluation of the employees' ethical conduct:

The Company has established an "Employees' Code of Ethical Conduct" as a guideline for employee behavior, which is summarized as follows:

Chapter 2 Morality and integrity

Article 4 Ethical standards shall not be confined to legal compliance. Each individual shall be obligated to conduct all businesses ethically and to avoid any activity that would lead to a conflict of interest.

Article 5 Fundamental Principles:

The principles governing ethics and integrity are comprised of:

1. Conducting all business with integrity and truthfully recording the process of all business dealings.
2. Ensuring proper confidentiality of all commercial information when executing a mission and retaining complete commercial and operational records, as well as respecting the commercial assets and intellectual properties of the company, each client and each strategic partner of the company.
3. All company accounting ledgers, invoices, records, accounting entries, capital and assets must be securely cataloged and safeguarded to ensure that all company transactions and business dealings can be fairly and accurately reflected.
4. It is strictly forbidden to fabricate, falsify records or create misleading claims, or intentionally hide or cover the state of the company's transactions.
5. It is not allowed to open, maintain or access any illegitimate accounts with any bank or a third party institution with which to conduct account transactions related to the company.
6. It is forbidden to destroy, alter or forge any pertinent records that may likely be linked to an investigation, litigation or legal related settlement proceeding.

Chapter 3 Respect for employees and customers

Chapter 4 Avoidance of conflict of interest

Chapter 5 Gratuity and business reception

Chapter 6 Information disclosure

Chapter 7 Whistleblowing, Protection and Exemption

VI. Cyber security management:

(I) Cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

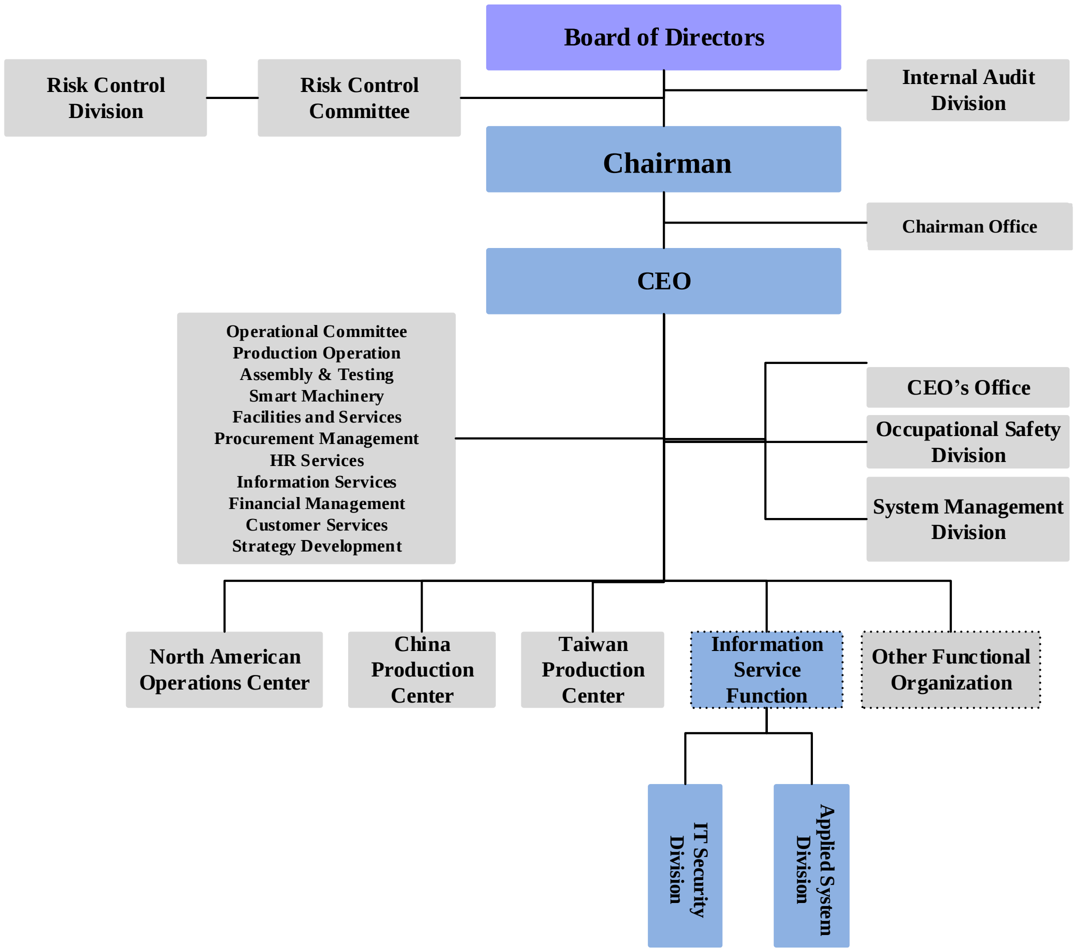
1. Cyber security risk management framework

(1) Information Security Organization

The Company established the “Regulations for Information Management” in 2004, and set up the Information Security Department to coordinate and establish information security and related policies. In 2017, we issued the Regulations for Information Security Management” and established the Information Security Committee to revise related policies and develop the system. The Chief Executive Officer assigned the senior vice president in charge of information service functions to serve as the Chairman of the Information Security Committee, responsible for approving information security policies and supervising the management system.

(2) The Information Security Committee establishes, implements, operates, monitors, reviews, maintains and improves the information security management system based on the operational activities related to each information system’s maintenance process and the risks it faces.

(3) Organizational structure of information service functions



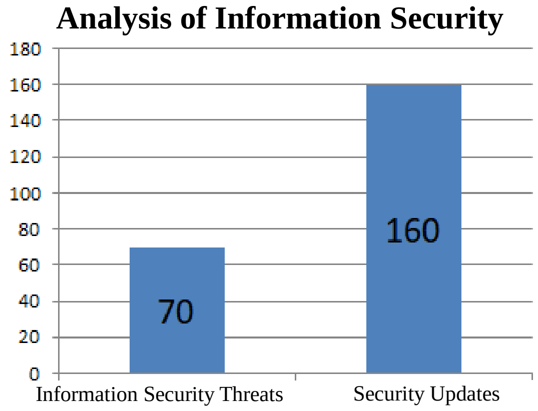
(4) Information Security Committee Framework

Information Security Committee Chairperson: CEO				
Division of labor	**Function**	**Policy and System Development**		**Promote the management system**
	Member in charge	**IT Security Division/System Management**		**Division All Division leaders**
Item		● Information security policy ● Information security organisational policy ● HR security policy ● Asset management policy ● Access control policy ● Physical and environmental satety policy ● Communication and operational management policy ● Information access, development and maintenance policy ● Information security incident management policy ● Business continuity management policy ● Circular policy	● Set up information security control measures for IT control items as required by ISMS ● Implement preventive measures including the surveillance system for IT security ● Report and handle incidents related to information security ● Set up and compile statistics on information security objectives ● Build the application development, acquire and change system as required by ISMS ● Ensure application system functions and safety specifications are in compliance with ISMS requirements control items	● Implement the IT security policy for senior executives ● Guide to reach information security objectives ● Conduct training and awareness courses for the department in charge ● Direct and oversee the team to promote the ISMS system ● Conduct inventory and set information level for confidential information ● Set up control method for confidential information ● Comply with the information security system ● The information security system is fully incorporated into all employees in the unit

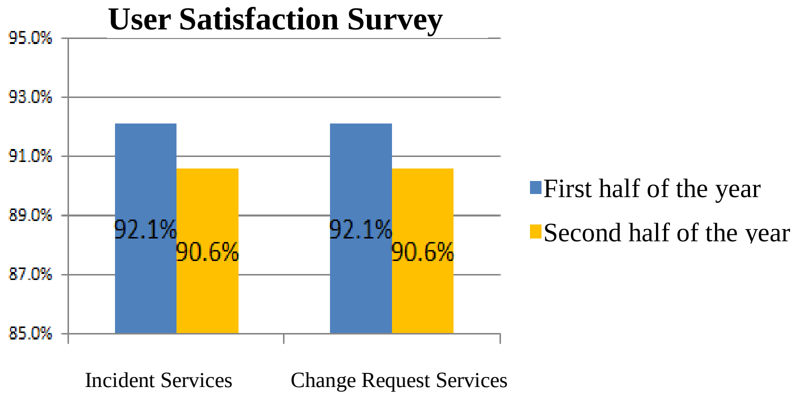
2. Information Security Policy and System Development
   The development of corporate information security is to effectively implement information security management, establish an Information Security Management System (ISMS), and obtain international information security management system certification (ISO/IEC 27001). The Information Security Office, under the Information Security Management Department, is primarily responsible for planning, establishing, implementing, maintaining, reviewing, and continuously improving the ISMS management system. It reports on the effectiveness of information security management to the committee members on a monthly basis.
3. Information Security Risk Management and Continuous Improvement
   (1) Regularly reviewing the issues related to internal and external cyber security risks, stakeholders needs and expectations, and cyber security policies, establishing information security objectives and control measures, and submitting them to the Information Security Committee for approval. After being approved by the CEO, they will be implemented as part of the company's operational performance and objectives.
   (2) Regularly conduct information security internal audits, and perform occasional audits as needed for specific purposes such as information security incidents or significant changes to information systems. The Information Security Department should plan and compile an information security audit plan as a guide for conducting audits, which should include the basis, scope, procedures, personnel, items, and scheduled timeframe for the audit. The audit content should establish an

information security management audit checklist that complies with the requirements of ISO/IEC 27001:2013. The audit should be approved by the Chairman of the Information Security Committee before implementation.

4. Input Resources for Information Security
   (1) Manpower: The Group’s information security operation execution manpower includes the China Production Center, with a total of 22 employees.
   (2) Cyber security equipment: Firewall, antivirus software, network active defense system, e-mail filtering system, mobile media management, access control and password management, with backup system and third-party storage management.
   (3) The physical environment is built with access control and surveillance systems.
5. 2022 Information security implementation results
   (1) In conjunction with the CTSP Bureau SP-ISAC Information Security Center, we analyzed 230 information security threats and made 30 improvements.



   (2) Information security education training for new employees was carried out for a total of 394 employees in 2022, with a 100% completion rate.
   (3) We conducted 5 disaster recovery drills based on key system services and equipment, with a 100% completion rate.
   (4) Information service satisfaction survey was conducted for information users. A total of 681 valid questionnaires were collected in the first and second half of the year, and the satisfaction rate was 91%.



(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

VII. Important contracts:

Nature of contract	Party involved	Start and end dates of contract	Main contents	Restrictive covenants
Loan agreement	CTBC Bank	2022.09 – 2023.09	➢ Short-term working capital NT$1 billion (including mid- and long-term working capital and long-term loans)	1. The Company should maintain the financial ratios as agreed. 2. The accounts receivable from the Company's specific clients should be directly remitted to the account of Sunspring Metal Corporation with CTBC Bank and must not be transferred to other banks without the consent of CTBC Bank.
		2022.09 – 2024.09	➢ Mid and long-term working capital NT$1 billion (NT$1 billion under joint control with short-term working capital and long-term loans)	
		2019.07 – 2029.07	➢ Long-term loan NT$600 million (NT$1 billion under joint control with the short-term and mid- and long-term working capital)	
		2022.09 – 2023.09	Foreign currency time deposit pledged as collateral: NT$2 billion	The time deposit is pledged when the balance is fully drawn, and 110% of the time deposit is required when the currencies are different.
		2022.09 – 2023.09	Financial product trading facility: US$5 million	
Loan agreement	Taipei Fubon Bank	2022.04 – 2023.04	➢ Short-term working capital NT$800 million (NT$800 million under joint control with mid- and long-term working capital)	The Company should maintain the financial ratios as agreed.
		2022.04 – 2024.04	➢ Mid and long-term working capital NT$800 million (NT$800 million under joint control with short-term working capital)	Omitted
		2022.04 – 2023.04	➢ Financial product trading facility US$1 million	Omitted
Loan agreement	KGI Bank	2021.08 – 2022.08	➢ Short-term working capital NT$400 million	Omitted

Nature of contract	Party involved	Start and end dates of contract	Main contents	Restrictive covenants
		2019.08 – 2024.08	➢ Mid-term (secured) loans NT$650 million	The Company should maintain the financial ratios as agreed.
Loan agreement	A group of lenders	2022.03 – 2027.03	➢ Working capital NT$5 billion	The Company should maintain the financial ratios as agreed.
Lease agreement	Central Taiwan Science Park Bureau, Ministry of Science and Technology	2015.05.15 – 2034.12.31	Lease agreement on Land of Central Taiwan Science Park (31,285 square meters) Rent: NT$10,489,000/year	Omitted

Six. Financial Overview

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(I) Condensed Consolidated Balance Sheets and Condensed Consolidated Statement of Comprehensive Income

1. Condensed Consolidated Balance Sheets

Unit: NT$ thousand

Year Item		December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Current assets		3,849,151	3,722,469	4,401,453	6,451,166	5,291,232
Property, plant and equipment		8,060,009	7,445,450	7,133,220	6,896,953	5,990,925
Intangible assets		113,136	99,496	87,647	79,890	78,588
Other assets		773,353	882,705	908,345	831,939	902,533
Total assets		12,795,649	12,150,120	12,530,665	14,259,948	12,263,278
Current liabilities	Before distribution	3,486,119	3,263,591	3,550,823	4,111,995	2,171,034
	After distribution	3,535,023	3,279,892	3,567,124	4,211,992	(Note) 2,371,028
Non-current liabilities		3,897,628	3,636,815	3,791,162	3,607,957	2,796,607
Liabilities liabilities	Before distribution	7,383,827	6,900,406	7,341,985	7,719,952	4,967,641
	After distribution	7,432,731	6,916,707	7,358,286	7,819,949	(Note) 5,167,635
Equity attributable to owners of the parent company		5,409,636	5,247,755	5,186,427	6,537,983	7,293,341
Share capital		1,634,281	1,630,142	1,630,142	1,999,942	1,999,942
Capital surplus		1,318,332	1,322,471	1,322,471	1,911,126	1,911,126
Retained per share	Before distribution	2,658,137	2,680,390	2,588,029	3,006,998	3,652,735
	After distribution	2,609,233	2,664,089	2,571,728	2,907,001	(Note) 3,452,741
Other equity		(201,114)	(385,248)	(354,215)	(380,083)	(270,462)
Treasury shares		0	0	0	0	0
Non-controlling interests		2,186	1,959	2,253	2,013	2,296
Total liabilities	Before distribution	5,411,822	5,249,714	5,188,680	6,539,996	7,295,637
	After distribution	5,362,918	5,233,413	5,172,379	6,439,999	(Note) 7,095,643

Note: The distribution of cash dividends to shareholders has been approved by the board of directors in accordance with the Company’s articles of incorporation.

2. Condensed Consolidated Statement of Comprehensive Income

Unit: NT$ thousand, except for EPS in NT$

Year / Item	2018	2019	2020	2021	2022
Operating revenues, net	6,736,384	6,119,558	7,237,623	9,637,943	8,236,787
Gross profit	830,766	614,102	654,625	1,382,536	1,363,076
Operating income	52,973	(78,301)	10,240	559,690	702,277
Non-operating income and expenses	109,883	154,992	(65,107)	(27,591)	253,839
Profit before income tax	162,856	76,691	(54,867)	532,099	956,116
Net income for the period from continuing operations	109,924	70,039	(77,498)	435,829	737,129
Loss from discontinued operations	0	0	0	0	0
Net income (loss) for the period	109,924	70,039	(77,498)	435,829	737,129
Other comprehensive income (loss) for the period (net of income tax)	(17,428)	(183,243)	32,765	(26,667)	118,509
Total comprehensive income (loss) for the period	92,496	(113,204)	(44,733)	409,162	855,638
Net income attributable to owners of parent company	110,841	70,266	(77,792)	436,069	736,846
Net income (loss) attributable to noncontrolling interests	(917)	(227)	294	(240)	283
Total comprehensive income attributable to owners of parent company	93,413	(112,977)	(45,027)	409,402	855,355
Total comprehensive income attributable to non-controlling interests	(917)	(227)	294	(240)	283
Earnings per share	0.68	0.43	(0.48)	2.48	3.68

(II) Condensed Parent Company Only Balance Sheets and Statement of Comprehensive Income

1. Condensed Parent Company Only Balance Sheets

Unit: NT$ thousand

Year Item		December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Current assets		2,730,362	2,489,172	3,145,772	4,985,644	3,943,056
Property, plant and equipment		6,415,630	5,950,192	5,683,203	5,442,159	4,613,556
Intangible assets		28,625	20,293	12,238	8,873	6,637
Other assets		5,669,504	5,820,866	4,913,407	5,012,694	5,405,712
Total assets		14,844,121	14,280,523	13,754,620	15,449,370	13,968,961
Current liabilities	Before distribution	5,539,997	5,407,641	4,791,687	5,328,918	3,934,726
	After distribution	5,588,901	5,423,942	4,807,988	5,428,915	(Note) 4,134,720
Non-current liabilities		3,894,488	3,625,127	3,776,506	3,582,469	2,740,894
Total liabilities	Before distribution	9,434,485	9,032,768	8,568,193	8,911,387	6,675,620
	After distribution	9,483,389	9,049,069	8,584,494	9,011,384	(Note) 6,875,614
Equity attributable to owners of the parent company		5,409,636	5,247,755	5,186,427	6,537,983	7,293,341
Share capital		1,634,281	1,630,142	1,630,142	1,999,942	1,999,942
Capital surplus		1,318,332	1,322,471	1,322,471	1,911,126	1,911,126
Retained per share	Before distribution	2,658,137	2,680,390	2,588,029	3,006,998	3,652,735
	After distribution	2,609,233	2,664,089	2,571,728	2,907,001	(Note) 3,452,741
Other equity		(201,114)	(385,248)	(354,215)	(380,083)	(270,462)
Treasury shares		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	5,409,636	5,247,755	5,186,427	6,537,983	7,293,341
	After distribution	5,360,732	5,231,454	5,170,126	6,437,986	(Note) 7,093,347

Note: The distribution of cash dividends to shareholders has been approved by the board of directors in accordance with the Company’s articles of incorporation.

2. Condensed Parent Company Only Statement of Comprehensive Income

Unit: NT$ thousand, except for EPS in NT$

Year / Item	2018	2019	2020	2021	2022
Operating revenues, net	5,768,184	5,272,637	6,526,667	8,611,033	7,219,302
Gross profit	397,119	143,157	383,493	871,078	922,592
Operating income	(74,082)	(275,546)	(30,631)	297,619	489,091
Non-operating income and expenses	167,478	308,026	(47,161)	199,279	364,966
Profit before income tax	93,396	32,480	(77,792)	496,898	854,057
Net income for the period from continuing operations	110,841	70,266	(77,792)	496,898	854,057
Loss from discontinued operations	0	0	0	0	0
Net income (loss) for the period	110,841	70,266	(77,792)	436,069	736,846
Other comprehensive income (loss) for the period (net of income tax)	(17,428)	(183,243)	32,765	(26,667)	118,509
Total comprehensive income (loss) for the period	93,413	(112,977)	(45,027)	409,402	855,355
Earnings per share	0.68	0.43	(0.48)	2.48	3.68

(III) Names of Financial Statement Auditors in the Last Five Years and Audit Opinions:

Year	Name of accounting firm	Names of CPAs	Audit opinions
2018	Deloitte & Touche	Shu-Ching Chiang and Hsiao-Fang Yen	Unqualified opinion
2019	Deloitte & Touche	Shu-Ching Chiang and Li-Tung Wu	Unqualified opinion
2020	Deloitte & Touche	Shu-Ching Chiang and Li-Tung Wu	Unqualified opinion
2021	Deloitte & Touche	Shu-Ching Chiang and Li-Tung Wu	Unqualified opinion
2022	Deloitte & Touche	Shao-Chun Wu and Li-Tung Wu	Unqualified opinion

II. Financial analyses for the past 5 fiscal years

(I) Financial Analysis – Consolidated Financial Analysis

Year Item		2018	2019	2020	2021	2022
Financial structure	Debt to assets ratio (%)	57.71	56.79	58.59	54.14	40.51
	Ratio of long-term capital to property, plant and equipment (%)	115.50	119.36	125.89	147.14	168.46
Solvency (%)	Current ratio (%)	110.81	114.06	123.96	156.89	243.72
	Quick ratio (%)	53.19	52.69	80.93	107.72	135.08
	Times interest earned	3.00	2.01	0.15	8.79	15.23
Operating (%)	Accounts receivable turnover (times)	5.53	4.75	4.39	3.31	2.81
	Average collection days	66	77	83	110	130
	Inventory turnover (times)	3.05	2.76	3.75	4.68	3.15
	Accounts payable turnover (times)	12.50	15.04	10.65	9.73	10.46
	Average days in sales	120	132	97	78	116
	Property, plant and equipment turnover (times)	0.81	0.79	0.99	1.37	1.28
	Total asset turnover (times)	0.53	0.49	0.59	0.72	0.62
Profit- (%)	Return on total assets (%)	1.38	1.05	(0.21)	3.66	5.96
	Return on equity (%)	2.06	1.32	(1.49)	7.44	10.65
	Ratio of income before tax to paid-in capital (%)	9.96	4.70	(3.37)	26.61	47.81
	Net profit margin (%)	1.65	1.15	(1.07)	4.52	8.95
	Earnings per share (NT$)	0.68	0.43	(0.48)	2.48	3.68
Amount flow	Cash flow ratio (%)	5.65	18.30	24.03	(25.79)	113.04
	Net cash flow adequacy ratio (%)	25.75	27.63	42.62	19.49	97.51
	Cash reinvestment ratio (%)	1.13	4.21	6.09	(6.95)	14.78
Leverage	Operating leverage	58.52	(36.78)	266.33	6.36	4.92
	Financial leverage	(1.87)	0.51	(0.19)	1.14	1.11

Reasons for movements in various financial ratios by 20% or more in the most recent two years:

Financial structure: • The debt to assets ratio decreased mainly due to the repayment of bank loans this year.

Solvency: • Both the current ratio and the quick ratio increased mainly due to a decrease in current liabilities as a result of the repayment of bank loans this year.
•Interest earned ratio increased mainly due to an increase in this year’s profit.

Operating performance: •The inventory turnover decreased and the average days in sales increased mainly due to an increase in inventory at the end of the period as a result of the reduction in purchases by clients in order to reduce inventory this year.

Profitability: • All ratios increased mainly due to an increase in this year’s profits.

Cash flow: • All ratios increased mainly due to the recovery of overdue accounts receivable from clients this year, leading to net cash inflow from operating activities and repayment of bank loans.

Leverage: •The operating leverage decreased mainly due to a decrease in fixed costs and an increase in operating income this year.

Note 1: The formulas of each financial ratio are as follows:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets
   (2) Long-term funds to property, plant and equipment = (total equity + long-term liabilities (non-current liabilities)) / net property, plant and equipment
2. Liquidity
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities
   (3) Times interest earned = income tax and net profit before interest expense/ interest expenses
3. Operating Performance
   (1) Accounts receivables (including accounts receivable and notes receivable arising from business) turnover = net sales/ average account receivable (including accounts receivable and notes receivable arising from business) balance
   (2) Average collection days=365/ accounts receivables turnover
   (3) Average inventory turnover = cost of goods sold /average inventory
   (4) Accounts payables (including accounts payable and notes payable arising from business) turnover = cost of goods sold / average account payable (including accounts payable and notes payable arising from business) balance
   (5) Average inventory turnover period =365/inventory turnover
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment
   (7) Total assets turnover = net sales/average total assets
4. Profitability
   (1) Return on assets =[post-tax profit or loss + interest expense (1-tax rate)]/average total assets
   (2) Return on equity= post-tax profit or loss / average total equity
   (3) Net profit margin = post-tax profit or loss/net sales
   (4) Earnings per share = (net profit attributable to owners of parent company – preferred share dividend) / weighted average number of outstanding shares
5. Cash flow
   (1) Cash flow ratio = net cash flow in operating activities/current liabilities
   (2) Cash flow adequacy ratio = net cash flow in operating activities in the last 5 years/(capital expenditure + inventory increment + cash dividend) in the last five years
   (3) Cash reinvestment ratio= (net cash flow in operating activity-cash dividend) / (gross amount of property, plant and equipment + long-term investment + other non-current assets + working capital)
6. Leverage
   (1) Operating leverage = (net revenue - changes in operating costs and expenses)/operating income
   (2) Financial leverage = operating income / (operating income - interest expense)

Note 2. The followings should be cautious while calculating EPS based on above formulas:

1. Should take the weighted average total number of common shares instead of the total issued shares at the year-end as the basis.
2. Whenever there is capital increase by cash or treasury stock transaction, the calculation of weighted average shares should also take the shares during the circulation period into consideration.
3. Whenever there is capital increase by earnings or capital increase by capital surplus, the calculation of EPS during the past years and the half year should take retroactive proportional adjustment based on the proportion of capital increase without considering the

period during the capital increase.

4. If the type of preferred stock is a non-convertible cumulative preferred stock, the dividend of the year (no matter distribution or not) should be deducted from net income after tax or add to the net loss after tax. If the type of preferred stock is not cumulative, when there is still net profit after tax, the dividend on such preferred stock should be deducted from the net income after tax. No adjustment should be made if there is a loss after tax.

Note 3: While doing cash flow analysis, the following issues should be especially paid attention to:

1. Net cash flow generated from operation activities refers to Net cash inflow during operation activities in the Cash Flow Statement.
2. Capital expenditure refers to Cash outflow as capital investment every year.
3. Increase in inventory should only be taken into account when the ending balance is greater than the beginning balance.
   If the inventory decreases during the year, use 0 to calculate.
4. Cash dividend includes cash dividend for both common stock and preferred stock.
5. Gross amount of Fixed properties and equipment refers to the total amount of fixed properties and equipment before deducting cumulative depreciation.

Note 4: The issuer should classify all the operation costs and operation expenses into fixed and variables, and should pay attention to the consistency when the classification is not easy to make.

Note 5: If the company’s securities have no face value or face value other than NT$10, the aforementioned formulas that involve calculations of paid-in capital should replaced with the proportion of equity attributable to owners of the parent on the Balance Sheets to calculate.

(II) Financial Analysis – Parent Company Only Financial Analysis

Year Item		2018	2019	2020	2021	2022
Financial structure (%)	Debt to assets ratio	63.56	63.25	62.29	57.68	47.79
	Ratio of long-term capital to property, plant and equipment	145.02	149.12	157.71	185.96	217.49
Solvency (%)	Current ratio (%)	49.28	46.03	65.65	93.56	100.21
	Quick ratio (%)	24.37	21.75	45.92	70.72	59.97
	Times interest earned	2.15	1.43	(0.20)	8.28	13.72
Operating (%)	Accounts receivable turnover (times)	5.43	4.66	4.39	3.24	2.70
	Average collection days	67	78	83	113	135
	Inventory turnover (times)	4.42	3.80	5.44	7.16	4.50
	Accounts payable turnover (times)	3.14	3.08	3.30	3.37	2.67
	Average days in sales	83	96	67	51	81
	Property, plant and equipment turnover (times)	0.87	0.85	1.12	1.55	1.44
	Total asset turnover (times)	0.40	0.36	0.47	0.59	0.49
Profit- (%)	Return on total assets (%)	1.21	0.90	(0.18)	3.36	5.37
	Return on equity (%)	2.06	1.32	(1.49)	7.44	10.65
	Ratio of income before tax to paid-in capital (%)	5.71	1.99	(4.77)	24.85	42.70
	Net profit margin (%)	1.92	1.33	(1.19)	5.06	10.21
	Earnings per share (NT$)	0.68	0.43	(0.48)	2.48	3.68
Amount flow	Cash flow ratio (%)	4.35	7.14	11.59	(18.46)	59.16
	Net cash flow adequacy ratio (%)	24.20	32.74	39.76	8.84	105.54
	Cash reinvestment ratio (%)	1.91	3.37	5.12	(8.22)	17.85
Leverage	Operating leverage	(14.63)	(3.08)	(35.84)	5.32	3.56
	Financial leverage	0.48	0.78	0.32	1.30	1.16

Reasons for movements in various financial ratios by 20% or more in the most recent two years:

Solvency: •Interest earned ratio increased mainly due to an increase in this year’s profit.

Operating performance: •The inventory turnover decreased and the average days in sales increased mainly due to an increase in inventory at the end of the period as a result of the reduction in purchases by clients in order to reduce inventory this year.

Profitability: • All ratios increased mainly due to an increase in this year’s profits.

Cash flow: • All ratios increased mainly due to the recovery of overdue accounts receivable from clients this year, leading to net cash inflow from operating activities and repayment of bank loans.

Leverage: •The operating leverage decreased mainly due to a decrease in the proportion of fixed costs and an increase in operating income.

Note 1: The formulas of each financial ratio are as follows:

1. Financial structure
    (1) Debt to assets ratio = total liabilities / total assets
    (2) Long-term funds to property, plant and equipment = (total equity + long-term liabilities (non-current liabilities)) / net property, plant and equipment
2. Liquidity
    (1) Current ratio = current assets / current liabilities
    (2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities
    (3) Times interest earned = income tax and net profit before interest expense/ interest expenses
3. Operating Performance
    (1) Accounts receivables (including accounts receivable and notes receivable arising from business) turnover = net sales/ average account receivable (including accounts receivable and notes receivable arising from business) balance
    (2) Average collection days=365/ accounts receivables turnover
    (3) Average inventory turnover = cost of goods sold /average inventory
    (4) Accounts payables (including accounts payable and notes payable arising from business) turnover = cost of goods sold / average account payable (including accounts payable and notes payable arising from business) balance
    (5) Average inventory turnover period =365/inventory turnover
    (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment
    (7) Total assets turnover = net sales/average total assets
4. Profitability
    (1) Return on assets =[post-tax profit or loss + interest expense   (1-tax rate)]/average total assets
    (2) Return on equity= post-tax profit or loss / average total equity
    (3) Net profit margin = post-tax profit or loss/net sales
    (4) Earnings per share = (net profit attributable to owners of parent company – preferred share dividend) / weighted average number of outstanding shares
5. Cash flow
    (1) Cash flow ratio = net cash flow in operating activities/current liabilities
    (2) Cash flow adequacy ratio = net cash flow in operating activities in the last 5 years/(capital expenditure + inventory increment + cash dividend) in the last five years
    (3) Cash reinvestment ratio= (net cash flow in operating activity-cash dividend) / (gross amount of property, plant and equipment + long-term investment + other non-current assets + working capital)
6. Leverage
    (1) Operating leverage = (net revenue - changes in operating costs and expenses)/operating income
    (2) Financial leverage = operating income / (operating income - interest expense)

Note 2. The followings should be cautious while calculating EPS based on above formulas:

1. Should take the weighted average total number of common shares instead of the total issued shares at the year-end as the basis.
2. Whenever there is capital increase by cash or treasury stock transaction, the calculation of weighted average shares should also take the shares during the circulation period into consideration.
3. Whenever there is capital increase by earnings or capital increase by capital surplus, the calculation of EPS during the past years and the half year should take retroactive proportional adjustment based on the proportion of capital increase without considering the

period during the capital increase.

4. If the type of preferred stock is a non-convertible cumulative preferred stock, the dividend of the year (no matter distribution or not) should be deducted from net income after tax or add to the net loss after tax. If the type of preferred stock is not cumulative, when there is still net profit after tax, the dividend on such preferred stock should be deducted from the net income after tax. No adjustment should be made if there is a loss after tax.

Note 3: While doing cash flow analysis, the following issues should be especially paid attention to:

1. Net cash flow generated from operation activities refers to Net cash inflow during operation activities in the Cash Flow Statement.
2. Capital expenditure refers to Cash outflow as capital investment every year.
3. Increase in inventory should only be taken into account when the ending balance is greater than the beginning balance.
   If the inventory decreases during the year, use 0 to calculate.
4. Cash dividend includes cash dividend for both common stock and preferred stock.
5. Gross amount of Fixed properties and equipment refers to the total amount of fixed properties and equipment before deducting cumulative depreciation.

Note 4: The issuer should classify all the operation costs and operation expenses into fixed and variables, and should pay attention to the consistency when the classification is not easy to make.

Note 5: If the company’s securities have no face value or face value other than NT$10, the aforementioned formulas that involve calculations of paid-in capital should replaced with the proportion of equity attributable to owners of the parent on the Balance Sheets to calculate.

III. Audit committee's review report for the most recent year's financial statements

Sunspring Metal Corporation

Audit Committee Review Report

2022 Financial Statements through the agreement by the audit committee and resolution of the Board of Directors were audited by the CPA firm Deloitte Touche Tohmatsu Limited and an audit report relating to the Financial Statements was issued.

The Company's 2022 Business Report and earnings distribution proposal which were prepared by the Board of Directors have been reviewed and determined to be correct and accurate by the Audit Committee of Sunspring Metal Corporation. In accordance with Article 219 of the Company Act, I hereby submit this report.

Sunspring Metal Corporation 2023 Annual Shareholders' Meeting

Sunspring Metal Corporation
Audit Committee Convener: Chen, Yu Cheng
March 03, 2023

IV. Financial statements for the most recent fiscal year

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SUNSPRING METAL CORPORATION

By:

Yang, Ching, Chi
President

March 3, 2023

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunspring Metal Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sunspring Metal Corporation (the "Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statement").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Group's consolidated financial statements for the year ended December 31, 2022 are described as follows:

Revenue Recognition

The growth rate of sales revenue from some of the specific customers is significantly higher than the average sales revenue; therefore, the specific revenue from these customers was identified as a key audit matter. Refer to Note 4 to the consolidated financial statements for the related accounting policies on sales revenue.

Our audit procedures performed in regard to the key audit matter included the following:

1. We understood the design and implementation of the main internal controls for the abovementioned customer-specific sales revenue and tested if these controls were performed effectively.

2. We selected appropriate samples from the abovementioned customer-specific sales receipts and checked the customer orders, delivery orders and payment collections corresponding to sales revenue to confirm the validity of sales revenue transactions.

Other Matter

We have also audited the parent company only financial statements of Sunspring Metal Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shao-Chun Wu and Li-Tung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 3, 2023

Notice to Readers

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

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

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Par Value Per Share)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 727,649	6	$ 541,871	4
Notes receivable	9,370	-	-	-
Trade receivables, net (Note 8)	2,100,425	17	3,743,692	26
Other receivables (Note 8)	23,644	-	59,567	-
Current tax assets (Note 21)	65	-	124	-
Inventories (Note 9)	2,347,482	19	2,014,765	14
Other current assets (Note 6)	82,597	1	91,147	1
Total current assets	5,291,232	43	6,451,166	45
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 11 and 28)	5,990,925	49	6,896,953	48
Right-of-use assets (Notes 12 and 30)	539,694	4	492,560	4
Intangible assets (Note 13)	78,588	1	79,890	1
Deferred tax assets (Note 21)	98,233	1	137,225	1
Prepayments for machinery and equipment	130,129	1	109,107	1
Refundable deposits	5,939	-	6,814	-
Net defined benefit assets - non-current (Note 17)	15,254	-	3,714	-
Other financial assets - non-current (Notes 6 and 28)	74,465	1	34,476	-
Other non-current assets	38,819	-	48,043	-
Total non-current assets	6,972,046	57	7,808,782	55
TOTAL	$ 12,263,278	100	$ 14,259,948	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 935,000	8	$ 2,309,818	16
Short-term bills payable (Note 14)	-	-	199,890	2
Financial liabilities at fair value through profit or loss - current (Notes 7 and 25)	84	-	-	-
Trade payables (Note 29)	507,788	4	806,673	6
Other payables (Note 15)	371,826	3	433,821	3
Current tax liabilities (Note 21)	47,281	1	19,991	-
Provisions - current (Note 16)	2,672	-	2,455	-
Lease liabilities - current (Notes 12 and 27)	45,838	-	30,618	-
Current portion of long-term borrowings (Notes 14 and 30)	257,407	2	297,359	2
Other current liabilities	3,138	-	11,370	-
Total current liabilities	2,171,034	18	4,111,995	29
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 14 and 30)	2,050,816	17	2,989,692	21
Deferred tax liabilities (Note 21)	173,621	1	125,721	1
Lease liabilities - non-current (Notes 12 and 27)	501,229	4	447,708	3
Deferred revenue (Note 23)	60,123	1	44,836	-
Guarantee deposits received	10,818	-	-	-
Total non-current liabilities	2,796,607	23	3,607,957	25
Total liabilities	4,967,641	41	7,719,952	54
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares - par value of NT$10 per share	1,999,942	16	1,999,942	14
Capital surplus	1,911,126	15	1,911,126	14
Retained earnings				
Legal reserve	785,390	7	741,863	5
Special reserve	380,083	3	354,215	3
Unappropriated earnings	2,487,262	20	1,910,920	13
Other equity	(270,462)	(2)	(380,083)	(3)
Total equity attributable to owners of the Corporation	7,293,341	59	6,537,983	46
NON-CONTROLLING INTERESTS	2,296	-	2,013	-
Total equity	7,295,637	59	6,539,996	46
TOTAL	$ 12,263,278	100	$ 14,259,948	100

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

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
SALES (Note 19)	$ 8,236,787	100	$ 9,637,943	100
COST OF GOODS SOLD (Notes 9, 20 and 27)	6,873,711	83	8,255,407	86
GROSS PROFIT	1,363,076	17	1,382,536	14
OPERATING EXPENSES (Notes 20 and 27)				
Selling and marketing expenses	244,283	3	341,296	3
General and administrative expenses	393,758	5	420,598	4
Research and development expenses	54,852	1	54,787	1
Expected credit loss (reversed) (Note 8)	(32,094)	(1)	6,165	-
Total operating expenses	660,799	8	822,846	8
PROFIT FROM OPERATIONS	702,277	9	559,690	6
NON-OPERATING INCOME AND EXPENSES				
Interest income	8,459	-	3,639	-
Other income (Note 23)	32,831	-	22,648	-
Gain (loss) on disposal of property, plant and equipment	85,645	1	(934)	-
Foreign exchange gain, net	206,229	3	2,109	-
Gain (loss) on financial assets at fair value through profit or loss, net	(4,845)	-	16,829	-
Interest expense (Notes 23 and 27)	(67,208)	(1)	(68,314)	(1)
Other expenses	(7,272)	-	(3,568)	-
Total non-operating income and expenses	253,839	3	(27,591)	(1)
PROFIT BEFORE INCOME TAX	956,116	12	532,099	5
INCOME TAX EXPENSE (Note 21)	218,987	3	96,270	1
NET PROFIT FOR THE YEAR	737,129	9	435,829	4

(Continued)

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 11,111	-	$ (999)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	109,621	1	(25,868)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21)	(2,223)	-	200	-
	107,398	1	(25,668)	-
Other comprehensive income for the year, net of income tax	118,509	1	(26,667)	-
	$ 855,638	10	$ 409,162	4
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	$ 736,846	9	$ 436,069	5
Non-controlling interests	283	-	(240)	-
	$ 737,129	9	$ 435,829	5
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	$ 855,355	10	$ 409,402	4
Non-controlling interests	283	-	(240)	-
	$ 855,638	10	$ 409,162	4
EARNINGS PER SHARE (Note 22)				
Basic	$ 3.68		$ 2.48	
Diluted	$ 3.64		$ 2.45	

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

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Corporation (Note 18)								
			Retained Earnings			Other Equity			
	Ordinary Shares	Capital Surplus	Special Reserve	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Non-controlling Interests (Notes 11 and 24)	Total Equity
BALANCE AT JANUARY 1, 2021	$ 1,630,142	$ 1,322,471	$ 741,863	$ 355,688	$ 1,490,478	$ (354,215)	$ 5,186,427	$ 2,253	$ 5,188,680
Appropriation of 2020 earnings									
Special reserve	-	-	-	(1,473)	1,473	-	-	-	-
Cash dividends distributed by the Company - NT$0.1 per share	-	-	-	-	(16,301)	-	(16,301)	-	(16,301)
	-	-	-	(1,473)	(14,828)	-	(16,301)	-	(16,301)
Net profit (loss) for the year ended December 31, 2021	-	-	-	-	436,069	-	436,069	(240)	435,829
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(799)	(25,868)	(26,667)	-	(26,667)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	435,270	(25,868)	409,402	(240)	409,162
Issuance of ordinary shares for cash	369,800	570,350	-	-	-	-	940,150	-	940,150
Share-based payments	-	18,305	-	-	-	-	18,305	-	18,305
BALANCE AT DECEMBER 31, 2021	1,999,942	1,911,126	741,863	354,215	1,910,920	(380,083)	6,537,983	2,013	6,539,996
Appropriation of 2021 earnings									
Legal reserve	-	-	43,527	-	(43,527)	-	-	-	-
Special reserve	-	-	-	25,868	(25,868)	-	-	-	-
Cash dividends distributed by the Company - NT$0.5 per share	-	-	-	-	(99,997)	-	(99,997)	-	(99,997)
	-	-	43,527	25,868	(169,392)	-	(99,997)	-	(99,997)
Net profit for the year ended December 31, 2022	-	-	-	-	736,846	-	736,846	283	737,129
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	8,888	109,621	118,509	-	118,509
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	745,734	109,621	855,355	283	855,638
BALANCE AT DECEMBER 31, 2022	$ 1,999,942	$ 1,911,126	$ 785,390	$ 380,083	$ 2,487,262	$ (270,462)	$ 7,293,341	$ 2,296	$ 7,295,637

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

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 956,116	$ 532,099
Adjustments for:		
Depreciation expenses	723,678	677,394
Amortization expenses	39,009	40,768
Expected credit loss (reversed) recognized on trade receivables	(32,094)	6,165
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	84	-
Interest expense	67,208	68,314
Interest income	(8,459)	(3,639)
Compensation cost of employee share options	-	18,305
Loss (gain) on disposal of property, plant and equipment	(85,645)	934
Impairment loss (reversed) recognized on non-financial assets	90,005	(11,309)
Foreign currency exchange gain, net	(4,302)	(33,494)
Recognition of provisions	-	(34,748)
Changes in operating assets and liabilities		
Notes receivable	(9,370)	165
Trade receivables	1,576,266	(1,623,316)
Other receivables	35,365	(48,011)
Inventories	(448,195)	(533,960)
Other current assets	10,795	(8,655)
Trade payables	(227,709)	(102,620)
Other payables	(81,846)	73,795
Deferred revenue	16,585	20,209
Other current liabilities	(4,035)	(8,152)
Net defined benefit assets	(429)	(546)
Cash generated from operations	2,613,027	(970,302)
Interest received	8,674	2,772
Interest paid	(60,423)	(63,022)
Income taxes paid	(107,195)	(30,090)
Net cash generated from (used in) operating activities	2,454,083	(1,060,642)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(161,208)	(253,232)
Proceeds from disposal of property, plant and equipment	603,777	10,473
Decrease (increase) in refundable deposits	887	(4,098)
Acquisition of intangible assets	(1,781)	(2,082)
Increase in other financial assets	(39,689)	(16)
Increase in other non-current assets	(13,352)	(7,976)
Increase in prepayments for machinery and equipment	(28,190)	(84,262)
Net cash generated from (used in) investing activities	360,444	(341,193)

(Continued)

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from short-term borrowings	$ (1,374,818)	$ 367,132
Decrease in short-term bills payable	(199,890)	-
Proceeds from long-term borrowings	2,100,000	2,122,540
Repayments of long-term borrowings	(3,084,694)	(2,142,777)
Increase (decrease) in guarantee deposits received	10,916	(651)
Repayment of the principal portion of lease liabilities	(39,179)	(30,164)
Dividends paid	(99,997)	(16,301)
Proceeds from issuance of ordinary shares	-	940,150
Net cash generated from (used in) financing activities	(2,687,662)	1,239,929
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	58,913	7,120
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	185,778	(154,786)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	541,871	696,657
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 727,649	$ 541,871

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

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sunspring Metal Company (the "Company") was incorporated in July 1984. It mainly engaged in the manufacturing, processing and trading of water pipe switch accessories, gate valves, corks, copper pipe fittings and waterway sanitary equipment.

The Company was listed on the Taiwan Stock Exchange in November 2007.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on February 23, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commision (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Company and its subsidiaries (collectively referred to as the "Group").

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing no significant impact that the application of other standards and interpretations will have on the Group's financial position and financial performance.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 10, Tables 6 and 7 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of the entities in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations (including the subsidiaries in other countries that use currencies which are different from the Company) are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (and attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, work-in-process, merchandise and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost.

i. Financial asset at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables other receivables, refundable deposits and other financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit loss (ECL) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations indication that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all the financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Group enters into foreign exchange forward to manage its exposure to interest rate and foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

l. Provision

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped/the goods are picked up because it is the time when the customer has full discretion over the manner of distribution and bears the risks of obsolescence. Revenue and trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit assets are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit assets represent the actual surplus in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options; The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 976	$ 1,016
Checking accounts and demand deposits	463,561	405,637
Time deposits	337,577	169,694
	802,114	576,347
Less: Pledged time deposits	(74,465)	(34,476)
	$ 727,649	$ 541,871

Pledged time deposits accounted as other non-current assets.

7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2022	2021
Financial liabilities at FVTPL-current		
Held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 84	$ -

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2022			
Sell	USD/RMB	2023.1.13-2023.3.28	USD15,000/CNH104,187

The Group entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. TRADE RECEIVABLES AND OTHER RECEIVABLE

	December 31	
	2022	2021
Trade receivables		
Trade receivables	$ 2,112,867	$ 3,787,765
Less: Allowance for impairment loss	(12,442)	(44,073)
	$ 2,100,425	$ 3,743,692
Other receivable		
Other receivable	$ 23,683	$ 60,048
Less: Allowance for impairment loss	(39)	(481)
	$ 23,644	$ 59,567

The average credit period of the sale of goods is 60-140 days. No interest is charged on trade receivables. The Group adopted a policy of using other publicly available financial information or its own trading records to rate its customers.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated by reference to the past default experience of the customer, the customer’s current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group’s different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

	Not Past Due	1 to 60 Days	61 to 90 Days	Over 90 Days	Total
December 31, 2022					
Expected credit loss rate	0-0.06%	0.81-10%	29.41-80%	58.93-100%	
Gross carrying amount	$ 1,983,617	$ 118,469	$ 324	$ 10,457	$ 2,112,867
Loss allowance (Lifetime ECL)	(1,271)	(859)	(112)	(10,200)	(12,442)
Amortized cost	$ 1,982,346	$ 117,610	$ 212	$ 257	$ 2,100,425
December 31, 2021					
Expected credit loss rate	0.1%	0.1%	50%	100%	
Gross carrying amount	$ 3,171,364	$ 569,009	$ 14,120	$ 33,272	$ 3,787,765
Loss allowance (Lifetime ECL)	(3,172)	(569)	(7,060)	(33,272)	(44,073)
Amortized cost	$ 3,168,192	$ 568,440	$ 7,060	$ -	$ 3,743,692

The movements of the loss allowance of trade receivables and other receivables were as follows:

	For the Year Ended December 31, 2022		For the Year Ended December 31, 2021	
	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables
Balance, beginning of year	$ 44,073	$ 481	$ 38,388	$ 43
Expected credit loss (reversed)	(31,652)	(442)	5,727	438
Foreign exchange gains and losses	21	-	(42)	-
Balance, end of year	$ 12,442	$ 39	$ 44,073	$ 481

9. INVENTORIES

	December 31	
	2022	2021
Merchandise and finished goods	$ 1,135,408	$ 670,982
Work in process	734,788	482,850
Raw materials and supplies	477,286	860,933
	$ 2,347,482	$ 2,014,765

The nature of the cost of goods sold is as follows:

	December 31	
	2022	2021
Inventory write-downs (reversed)	$ 90,005	$ (11,309)
Unallocated fixed production overhead	95,896	42,642

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

			Proportion of Ownership	
			December 31	
Investor	Investee	Nature of Activities	2022	2021
The Company	Sunspring Holding Corporation (SSH)	International investment	100	100
	Sunspring Automation Corporation (SAC)	Installation and sale of automatic control equipment	95	95
	Sunspring America Inc. (SSA)	Manufacturing and sales of sanitation, construction equipment, metal molds and hard parts	100	100
SSH	Sunspring International Corporation (SIC)	International investment	100	100
	Golden Faith International Corporation (GFI)	International investment	100	100
SIC	Sunspring Metal (Zhuhai) Corporation (SSZ)	Manufacturing and sales of sanitation, construction equipment, metal molds and hard parts	100	100
GFI	Sunspring Industrial Ltd. (SSI)	Manufacturing and sales of sanitation, construction equipment, metal molds and hard parts	100	100

11. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2022					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
Cost						
Land	$ 328,297	$ -	$ (324,674)	$ -	$ 397	$ 4,020
Buildings	2,998,597	5,949	(233,306)	-	25,245	2,796,485
Machinery and equipment	6,786,054	24,585	(159,330)	218,772	68,522	6,938,603
Transportation equipment	113,862	1,054	(5,066)	6,890	1,791	118,531
Office equipment	222,777	-	(12,185)	2,497	1,356	214,445
Miscellaneous equipment	1,566,218	44,248	(26,953)	84,240	11,275	1,679,028
Construction in progress and equipment pending acceptance	303,895	89,324	-	(238,275)	1,802	156,746
	12,319,700	$ 165,160	$ (761,514)	$ 74,124	$ 110,388	11,907,858
Accumulated depreciation						
Buildings	950,846	$ 89,897	$ (71,154)	$ -	$ 12,765	982,354
Machinery and equipment	3,289,585	426,561	(149,806)	-	50,193	3,616,533
Transportation equipment	98,004	7,492	(5,019)	-	1,627	102,104
Office equipment	193,835	16,066	(12,164)	-	1,288	199,025
Miscellaneous equipment	890,477	141,924	(24,527)	-	9,043	1,016,917
	5,422,747	$ 681,940	$ (262,670)	$ -	$ 74,916	5,916,933
	$ 6,896,953					$ 5,990,925

	For the Year Ended December 31, 2021					
	Beginning Balance	Additions	Disposals	Reclassified Amount	Translation Adjustments	Ending Balance
Cost						
Land	$ 328,402	$ -	$ -	$ -	$ (105)	$ 328,297
Buildings	2,995,609	10,209	(841)	505	(6,885)	2,998,597
Machinery and equipment	6,587,876	16,533	(50,386)	250,112	(18,081)	6,786,054
Transportation equipment	114,067	87	(3,018)	3,210	(484)	113,862
Office equipment	220,540	154	(1,303)	3,790	(404)	222,777
Miscellaneous equipment	1,442,860	32,322	(10,904)	104,878	(2,938)	1,566,218
Construction in progress and equipment pending acceptance	297,868	193,071	-	(186,625)	(419)	303,895
	11,987,222	$ 252,376	$ (66,452)	$ 175,870	$ (29,316)	12,319,700
Accumulated depreciation						
Buildings	855,233	$ 99,194	$ (337)	$ -	$ (3,244)	950,846
Machinery and equipment	2,921,973	425,906	(45,106)	-	(13,188)	3,289,585
Transportation equipment	93,076	8,293	(2,927)	-	(438)	98,004
Office equipment	174,941	20,554	(1,283)	-	(377)	193,835
Miscellaneous equipment	808,779	89,815	(5,392)	-	(2,725)	890,477
	4,854,002	$ 643,762	$ (55,045)	$ -	$ (19,972)	5,422,747
	$ 7,133,220					$ 6,896,953

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-51 years
Others	6-20 years
Machinery and equipment	3-15 years
Transportation equipment	5-6 years
Office equipment	4-10 years
Miscellaneous equipment	3-20 years

The transaction information of land and buildings is set out in Note 12.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 28.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amounts		
Land	$ 444,645	$ 447,763
Buildings	93,142	44,761
Transportation equipment	1,907	36
	$ 539,694	$ 492,560

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 88,538	$ 63,155
Depreciation charge for right-of-use assets		
Land	$ 10,330	$ 10,248
Buildings	30,989	23,257
Transportation equipment	419	127
	$ 41,738	$ 33,632

Except for additions and the recognized depreciation expenses listed above, the Group's right-of-use assets did not have significant subleases or impairment in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current	$ 45,838	$ 30,618
Non-current	$ 501,229	$ 447,708

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.20%	1.20%
Buildings	1.20%-3.18%	1.20%-3.18%
Transportation equipment	3.18%	3.18%

c. Material lease-in activities and terms

The Group leases certain machinery and transportation equipment for the use of product manufacturing and transportation with lease terms of 3 to 5 years. These arrangements do not contain renewal or purchase options.

In May 2015, the Group signed a land lease contract in the Taichung Park of the Central Science Park with the Central Taiwan Science Park Bureau, Ministry of Science and Technology. The lease period was from May 2015 to December 2034.

The Group leased the plant from non-related parties, and the lease period was from January 2021 to December 2023. Refer to Note 27 for the leased plant of the Group and related parties.

SSI obtained the right to use part of the land in Dawang Comprehensive Economic Development Zone, Zhaoqing City, Guangdong Province, China for 50 years; SSZ obtained the right to use part of the land in Sanzao Science and Technology Industrial Park, Zhuhai National High-tech Industrial Development Zone, Guangdong Province, China for 50 years. Within the land use period, they enjoy the land use right, income right, transfer and lease, etc., and be responsible for various taxes and fees that should be paid due to the use of land. The land use is for the construction of production plants, office buildings and staff dormitories.

In June 2022, to activate assets and improve its financial structure, the Company sold the real estate located in Huiguo Section, Xitun District, Taichung City in June 2022 for $607,162 thousand to Taiwan Life Insurance Co., Ltd., and leased it back for use. The lease period is from June 2022 to June 2028, a total of 6 years, and recognized a gain of $93,176 thousand. The right-of-use assets and lease liabilities are recognized in accordance with IFRS 16. For the part whose fair value is higher than the book value, the unrealized sale and leaseback benefits of the right-of-use assets are recognized according to the leaseback of $19,288 thousand and amortized during the lease period. The lessee shall notify the lessor in writing and obtain consent 12 months before the expiry date, so that the new contract will continue to lease the object of the lease without the right to purchase. The lease contract stipulates that the annual lease payments for the first three years and the next three years of the lease are $17,302 thousand and $17,917 thousand, respectively.

d. Other lease information

The Group's leases of certain equipment qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INTANGIBLE ASSETS

	Good will	Computer Software	Total
2022			
Balance at January 1	$ 56,867	$ 23,023	$ 79,890
Additions for the year	-	1,781	1,781
Amortization of the year	-	(7,293)	(7,293)
Effect of foreign currency exchange difference	4,019	191	4,210
Balance at December 31	$ 60,886	$ 17,702	$ 78,588
2021			
Balance at January 1	$ 57,928	$ 29,719	$ 87,647
Additions for the year	-	2,082	2,082
Amortization of the year	-	(8,701)	(8,701)
Effect of foreign currency exchange difference	(1,061)	(77)	(1,138)
Balance at December 31	$ 56,867	$ 23,023	$ 79,890

Computer software is depreciated using the straight-line method over the estimated useful lives of 1 to 10 years.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Line of credit borrowings	$ 935,000	$ 2,309,818
Rate of interest per annum (%)	1.57-1.9	0.88-1.30

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	$ -	$ 200,000
Less: Unamortized discount on bills payable	-	(110)
	$ -	$ 199,890
Rate of interest per annum (%)	-	0.96

c. Long-term borrowings

	December 31	
	2022	2021
Line of credit borrowings - due from January 2023 to July 2029, pay in installments from January 2023 to July 2029	$ 2,317,363	$ 2,702,056
Secured borrowings - due in August 2024 (Note 28)	-	600,000
	2,317,363	3,302,056
Less: Current portion	(257,407)	(297,359)
Government loan discount (Note 23)	(9,140)	(15,005)
	$ 2,050,816	$ 2,989,692
Rate of interest per annum (%)		
Line of credit borrowings (Note 23)	0.48-1.81	0.00-1.16
Secured borrowings	-	1.33

The Company has signed long-term credit contracts with the bank. According to the provisions of some credit contracts, the consolidated financial statements should maintain the specific financial ratio, which should be checked once every six months. As of the date the consolidated financial statements were authorized for issue, the Company has not violated the situation.

15. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries and bonuses	$ 213,918	$ 245,996
Payables for expenses	82,078	125,258
Payables for purchases of equipment	28,302	17,785
Others	47,528	44,782
	$ 371,826	$ 433,821

16. PROVISIONS - CURRENT

	December 31	
	2022	2021
Balance, beginning of year	$ 2,455	$ 36,030
Amounts paid	-	(34,748)
Effect of foreign currency exchange difference	217	1,173
Balance, end of year	$ 2,672	$ 2,455

The provision for sales discounts of the Group is based on historical experience, management judgments and other known reasons to estimate possible product discounts, and is recognized as a deduction of operating income in the year when the relevant products are sold.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and SSA adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

SSI and SSZ participated in the social insurance plan managed and coordinated by local government agencies in China. The defined contribution plan provide the government with endowment insurance expenses to manage the social insurance plan, which is listed as current expenses when contribution is made.

SSH and SIC are established and registered in the Samoa Islands, while GFI is established and registered in the British Cayman Islands, where there is no need to formulate retirement methods and systems. According to local laws and regulations, SSA does not need to be allocated pension by the company.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 40,286	$ 49,240
Fair value of plan assets	(55,540)	(52,954)
Net defined benefit assets	$ (15,254)	$ (3,714)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2021	$ 47,462	$ (51,629)	$ (4,167)
Service cost			
Current service cost	250	-	250
Net interest expense (income)	237	(260)	(23)
Recognized in profit or loss	487	(260)	227
Remeasurement			
Return on plan assets	-	(654)	(654)
Actuarial loss - changes in demographic assumptions	1,125	-	1,125
Actuarial loss - experience adjustments	528	-	528
Recognized in other comprehensive income	1,653	(654)	999
Contributions from the employer	-	(773)	(773)
Benefits paid	(362)	362	-
Balance at December 31, 2021	49,240	(52,954)	(3,714)
Service cost			
Current service cost	252	-	252
Net interest expense (income)	246	(267)	(21)
Recognized in profit or loss	498	(267)	231
Remeasurement			
Return on plan assets	-	(4,194)	(4,194)
Actuarial loss - changes in financial assumptions	3,568)	-	3,568)
Actuarial loss - experience adjustments	(3,349)	-	(3,349)
Recognized in other comprehensive income	(6,917)	(4,194)	(11,111)
Contributions from the employer	-	(660)	(660)
Benefits paid	(2,535)	2,535	-
Balance at December 31, 2022	$ 40,286	$ (55,540)	$ (15,254)

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	**2021**
Discount rates	1.375%	0.5%
Expected rates of salary increase	2.75%	2.75%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	**2021**
The Company		
Discount rate		
0.25% increase	$ (936)	$ (1,233)
0.25% decrease	$ 972	$ 1,284
Expected rate of salary		
0.25% increase	$ 943	$ 1,236
0.25% decrease	$ (913)	$ (1,194)

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
Expected contributions to the plan for the next year	$ 662	$ 699
Average duration of the defined benefit obligation	9 years	10 years

18. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	199,994	199,994
Shares issued	$ 1,999,942	$ 1,999,942

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

On June 22, 2021, the Company's board of directors resolved to issue $36,980 thousand ordinary shares with a par value of $10, for a consideration of $25.5 per share. On July 16, 2021, the above transaction was approved by the FSC, and the subscription base date was determined by the board of directors to be August 24, 2021.

According to the Company Act, the issuance of ordinary shares for cash shall appropriate 10% of the total amount of new shares for subscription by employees. According to IFRS 2 "Share-based Payment", the Group recognized salary expense and share premium in the amount of $18,305 thousand in 2021.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 1,911,126	$ 1,911,126

Note: Including the amount of issued share capital exceeding the par value during seasoned equity offering, and the amount transferred from capital reserves to employee shares when employee shares are executed and expired. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the accumulated amount a such legal reserve equals to the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company may distribute more than 20% of the profit after tax of the year as shareholder dividends based on financial, business, and operational considerations; based on capital expenditures, business expansion needs, and sound financial planning for sustainable development, when distributing shareholder dividends, it can be paid in the form of cash or stock, but the cash dividend is limited to not less than 20% of the total dividends distributed to shareholders in the current year.

If there is no profit or the distributable profit is far lower than the previous year's amounts distributed, or in consideration of financial, business and operating factors, the appropriation for capital reserve shall be in accordance with relevant laws or regulations or as requested by the authorities in charge.

A distribution plan is also to be made by the board of directors and should be resolved in the shareholder's meeting. The dividends could be distributed in whole or in part by cash after the resolution has been passed by more than half of the directors present at the meeting of the board of directors, in which at least two-thirds of the total number of directors should be present. In addition, a report of such distribution shall be submitted to the shareholders' meeting.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to Note 20.

An appropriation of earnings to a legal reserve should be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of cash dividends per share for 2021 and 2019 approved in the shareholders' meeting in April 2022 and August 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31		**Dividends Per Share (NT$) For the Year Ended December 31**	
	2021	**2019**	**2021**	**2019**
Legal reserve	$ 43,527	$ -		
Special reserve (reversed)	25,868	(1,473)		
Cash dividends	99,997	16,301	$ 0.5	$ 0.1

The appropriations of earnings for 2022 had been proposed by the Company's board of directors on February 23, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 74,573	
Special reserve	(109,621)	
Cash dividends	199,994	$ 1

d. Special reserve

	December 31	
	2022	2021
Balance, beginning of year	$ 354,215	$ 355,688
Appropriations	25,868	-
Reversals		
Reversal of the debits to other equity items	-	(1,473)
Balance, end of year	$ 380,083	$ 354,215

If a special reserve appropriated on the first-time adoption of IFRSs relates to exchange differences on translation of the financial statements of foreign operations (including the subsidiaries of the Group), the special reserve will be reversed on a proportionate basis according to the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

19. REVENUE

	December 31	
	2022	2021
Faucet parts	$ 4,895,682	$ 6,286,875
Faucet assemblies	2,620,580	2,792,990
Others	720,525	558,078
	$ 8,236,787	$ 9,637,943

20. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION EXPENSES

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2022			
Short-term employee benefits	$ 1,403,033	$ 363,700	$ 1,766,733
Post-employment benefits			
Defined contribution plans	83,029	17,450	100,479
Defined benefit plans	118	542	660
Other employee benefits	94,391	27,841	122,232
Depreciation expenses	657,762	65,916	723,678
Amortization expenses	28,915	10,094	39,009

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2021			
Short-term employee benefits	$ 1,659,152	$ 388,794	$ 2,047,946
Post-employment benefits			
Defined contribution plans	83,786	16,901	100,687
Defined benefit plans	119	654	773
Other employee benefits	99,751	34,066	133,817
Depreciation expenses	608,129	69,265	677,394
Amortization expenses	30,886	9,882	40,768

According to the Articles of InCompany of the Company, the Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 1%, respectively, of individual net profit before income tax, compensation of employees, and the remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Company's board of directors on January 18, 2023 and January 26, 2022, respectively, were as follows:

	For the Year Ended December 31			
	2022		2021	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	5.22%	$ 47,051	9.61%	$ 52,852
Remuneration of directors	-	-	-	-

If there will be a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

a. The income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 101,301	$ 35,132
Income tax of unappropriated earnings	13,294	-
Land value increment tax	11,534	-
Adjustments for prior years	8,189	309
	134,318	35,441

(Continued)

	For the Year Ended December 31	
	2022	**2021**
Deferred tax		
In respect of the current year	$ 84,669	$ 60,829
Income tax expense recognized in profit or loss	$ 218,987	$ 96,270

(Concluded)

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	**2021**
Profit before tax from continuing operations	$ 956,116	$ 532,099
Income tax expense calculated at the statutory rate	$ 269,977	$ 146,082
Net profit or loss not included in taxation	(70,370)	(42,718)
Unrecognized deductible temporary differences and loss carryforwards	(13,637)	(7,403)
Land value increment tax	13,294	-
Adjustments for prior years' tax	11,534	-
	8,189	309
Income tax expense recognized in profit or loss	$ 218,987	$ 96,270

SSH, SIC and GFI do not levy local income tax for profit-making enterprises, so there is no income tax. SSA calculates income tax for profit-seeking enterprises in accordance with the local tax laws of the United States.

SSZ and SSI are subject to a 25% income tax rate in accordance with the Enterprise Income Tax Law of the People's Republic of China.

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2022			
	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Deferred tax assets				
Temporary differences				
Provisions	$ 5,831	$ (5,299)	$ -	$ 532
Allowance for inventory devaluation	42,720	15,005	-	57,725
Others	10,002	4,622	(2,223)	12,401
	58,553	14,328	(2,223)	70,658
Loss carryforwards	78,672	(51,097)	-	27,575
	$ 137,225	$ (36,769)	$ (2,223)	$ 98,233

(Continued)

	For the Year Ended December 31, 2022			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Property, plant and equipment	$ 118,118	$ 55,091	$ -	$ 173,209
Others	7,603	(7,191)	-	412
	$ 125,721	$ 47,900	$ -	$ 173,621

(Concluded)

	For the Year Ended December 31, 2021			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Provisions	$ 12,903	$ (7,072)	$ -	$ 5,831
Allowance for inventory devaluation	43,324	(604)	-	42,720
Others	11,362	(1,560)	200	10,002
	67,589	(9,236)	200	58,553
Loss carryforwards	103,697	(25,025)	-	78,672
	$ 171,286	$ (34,261)	$ 200	$ 137,225
Deferred tax liabilities				
Temporary differences				
Property, plant and equipment	$ 88,846	$ 29,272	$ -	$ 118,118
Others	10,307	(2,704)	-	7,603
	$ 99,153	$ 26,568	$ -	$ 125,721

c. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Due to 2026	$ 3,568	$ 9,058
Due to 2027	32,682	30,053
Due to 2028	131,619	119,761
Due to 2029	38,116	36,130
Due to 2030	58,101	235,192
Due to 2032	9,313	8,867
Due to 2033	83,313	75,093
Due to 2034	44,920	40,488
Due to 2035	3,158	-
	$ 404,790	$ 554,642

d. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	**Expiry Year**
$ 3,568	2026
32,682	2027
131,619	2028
38,116	2029
195,977	2030
9,313	2032
83,313	2033
44,920	2034
3,158	2035
$ 542,666	

e. The information of unrecognized deferred income tax liabilities associated with investments

As of December 31, 2022 and 2021, the aggregate taxable temporary differences associated with investments in subsidiaries not recognized as deferred income tax liabilities amounted to NT$2,690,000 thousand and NT$2,365,518 thousand, respectively.

f. Income tax assessments

The tax returns of the Company and SAC through 2020 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	**Number of Shares (In Thousands)**	**Earnings Per Share (NT$)**
For the Year Ended December 31, 2022			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 736,846	199,994	$ 3.68
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	2,600	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 736,846	202,594	$ 3.64

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT$)
For the Year Ended December 31, 2021			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 436,069	176,185	$ 2.48
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	2,055	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 436,069	178,240	$ 2.45

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. GOVERNMENT GRANTS

As of December 31, 2022, the Group received a government grant of $54,450 thousand for its “Reward and subsidy funds after the technological transformation of enterprises” and “GEF grants”. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset. This policy resulted in a credit to income of $3,755 thousand and $2,439 thousand during the years ended December 31, 2022 and 2021, respectively.

In addition, as of December 31, 2022, the Company received an interest-free loan of $949,463 thousand from the government’s "Welcome Taiwan Businessmen to Return to Taiwan Investment Action Plan" for capital expenditure and operating turnover. The loan will be paid in installments from 2022 to 2029 using prevailing market interest rates for an equivalent loan of 1.1%-1.6%, the fair value of the loan was estimated at $925,843 thousand on initial recognition. The difference of $23,620 thousand between the proceeds and the fair value of the loan is the benefit derived from the interest-free loan and has been recognized as deferred revenue. The revenue was transferred to other income when training expenses were incurred. For the years ended December 31, 2022 and 2021, the amount transferred to other income was $2,487 thousand and $2,671 thousand, respectively, and interest expense recognized on this loan was $11,467 thousand and $13,076 thousand, respectively, and interest paid was $6,862 thousand and $7,312 thousand, respectively.

If the Company fails to comply with the key requirements of the project loan during the lending period, causing the National Development Fund to stop the appropriation of the commission fee for the loan, the Company will pay the original agreed interest rate plus the annual interest rate instead.

24. NON-CASH TRANSACTIONS

The investment and financing activities of the non-cash transactions of the Group in 2022 and 2021 were $3,952 thousand and $856 thousand, respectively, under the accounts payable for equipment for the acquisition of property, plant and equipment.

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure quarterly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values or that their fair value cannot be measured reliably.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Market risk

	Level 1	**Level 2**	**Level 3**	**Total**
December 31, 2022				
Financial liabilities at FVTPL-current				
Derivatives	$ -	$ 84	$ -	$ 84

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	December 31	
	2022	**2021**
Financial assets		
Financial assets at amortized cost (1)	$ 2,941,492	$ 4,386,420
Financial liabilities		
FVTPL		
Held for trading	84	-
Financial liabilities at amortized cost (2)	4,133,655	7,037,253

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, refundable deposits and other financial assets and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, trade payables, other payables, long-term borrowings (including those due within one year) and guarantee deposits received.

c. Financial risk management objectives and policies

The Group’s major financial instruments include trade receivables, trade payables, lease liabilities and borrowings. The Group’s corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group’s policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to the risks arising from some foreign currency net assets or net liabilities due to exchange rate or interest rate fluctuations.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured. The primarily financial risks were as follows:

a) Foreign currency risk

The Group engages in sales and purchase transactions denominated in foreign currencies, which expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB. When the NTD had changed by 1% against the USD, the pre-tax profit for the years ended December 31, 2022 and 2021 would have changed by $16,505 thousand and $21,940 thousand. When the NTD had changed by 1% against the RMB, the pre-tax profit for the years ended December 31, 2022 and 2021 would have changed by $5,374 thousand and $4,397 thousand, respectively.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk because the exposure at the end of the year did not reflect the exposure during the year.

b) Interest rate risk

The Group is exposed to interest rate risk because of deposits and loans at both fixed and floating interest rates. The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 337,577	$ 169,694
Financial liabilities	3,790,290	6,275,085
Cash flow interest rate risk		
Financial assets	408,191	377,065

Sensitivity analysis

For financial assets and liabilities with floating interest rates, if interest rates had been 4 basis points (1%) higher or lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2022 would have decreased or increased by $4,082 thousand and $3,771 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group's concentration of credit risk of 78% and 80% of total trade receivables as of December 31, 2022 and 2021, respectively, was attributable to the Group's three largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized bank loan facilities of $5,868,501 thousand and $2,108,599 thousand, respectively.

The liquidity and interest rate risk table below illustrates the maturity analysis of the financial liabilities of the Group within the repayment period. Non-derivative financial liabilities are prepared in terms of undiscounted cash flow on the earliest date when the Group may be required to satisfy the liabilities. The table had been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

	Less Than 1 Year	**3 Months - 1 Year**	**1-5 Years**	**5+ Years**
December 31, 2022				
Non-interest bearing	$ 890,432	$ -	$ -	$ -
Lease liabilities	13,680	39,377	122,865	499,773
Fixed interest rate liabilities	935,000	257,407	2,059,956	-
	$ 1,839,112	$ 296,784	$ 2,182,821	$ 499,773
December 31, 2021				
Non-interest bearing	$ 1,240,494	$ -	$ -	$ -
Lease liabilities	9,109	27,252	73,060	504,246
Fixed interest rate liabilities	2,509,818	297,359	3,004,697	-
	$ 3,759,421	$ 324,611	$ 3,077,757	$ 504,246

Further information on the maturity analysis of the lease financial liabilities was as follows:

	Less than 5 Year	**5-10 Years**	**11-15 Years**	**16-20 Years**	**20+ Years**
December 31, 2022					
Lease liabilities	$ 175,922	$ 71,639	$ 63,427	$ 63,427	$ 301,280

	Less than 5 Year	5-10 Years	11-15 Years	16-20 Years	20+ Years
December 31, 2021					
Lease liabilities	$ 109,421	$ 63,427	$ 63,427	$ 63,427	$ 313,965

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

December 31, 2021

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received - Unused	Advances Received -Used	Annual Interest Rates on Advances Received (Used) (%)
CTBC Bank Co., Ltd.	$ 167,770	$ 17,062	$ 942,697	$ 150,708	2.23

Pursuant to the Group’s factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party	Relationship with the Group
Huang, Bi Hua	Second-degree relationship of the key management

d. Lease arrangements

The Group leased the plant from the second-degree relationship of the key management. The lease period was from March 2018 to March 2023.

Line Item	Related Party Name	December 31 2022	December 31 2021
Lease liability	Huang, Bi Hua	$ 554	$ 2,753

Related Party Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Interest expense		
Huang, Bi Hua	$ 19	$ 45

c. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	**2021**
Short-term employee benefits	$ 73,808	$ 86,346
Post-employment benefits	2,923	2,935
	$ 76,731	$ 89,281

The remuneration of directors and other key executives is based on relevant internal management methods, and the performance of the management is also considered. After deliberation by the remuneration committee, it is submitted to the board of directors.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been offered as collateral for deposits and bank loan facilities for use of electronics, leases and investments:

	December 31	
	2022	**2021**
Pledged deposits (classified as other financial assets-non-current)	$ 74,465	$ 34,476
Property, plant and equipment	1,529,607	1,565,340
	$ 1,604,072	$ 1,599,816

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The unrecognized commitments of the Group are as follows:

	December 31	
	2022	**2021**
Acquisition of property, plant and equipment	$ 12,092	$ 44,373

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

	December 31, 2022			December 31, 2021		
	Foreign Currency	**Exchange Rate**	**Carrying Amount**	**Foreign Currency**	**Exchange Rate**	**Carrying Amount**
Financial assets						
Monetary items						
USD (USD:NTD)	$ 57,108	30.71	$ 1,753,795	$ 118,549	27.68	$ 3,281,448
USD (USD:RMB)	73,143	6.9646	2,246,215	70,610	6.3674	1,954,480
RMB (RMB:NTD)	122,593	4.408	540,391	102,158	4.344	443,773

(Continued)

	December 31, 2022			December 31, 2021		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
Financial liabilities						
Monetary items						
USD (USD:NTD)	$ 76,459	30.71	$ 2,348,062	$ 105,296	27.68	$ 2,914,601
USD (USD:RMB)	46	6.9646	1,404	4,600	6.3674	127,330
RMB (RMB:NTD)	681	4.408	3,000	946	4.344	4,109

(Concluded)

The Group is mainly exposed to the USD. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant (realized and unrealized) foreign exchange gains (losses) are as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	$ 44,742	1 (NTD:NTD)	$ 47,575
RMB	4.395 (RMB:NTD)	161,487	4.3395 (RMB:NTD)	(45,466)
		$ 206,229		$ 2,109

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investments in subsidiaries. (None)

4) Marketable securities acquired or disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (Table 2)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Note 7)

10) Other: intercompany relationships and significant intercompany transactions. (Table 5)

11) Information on investees. (Table 6)

b. Information on investments in mainland China

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

   2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

      a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 3)

      b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 3)

      c) The amount of property transactions and the amount of the resultant gains or losses. (None)

      d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)

      e) The highest balance, the end of year balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)

      f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the region of operation. The Company is mainly engaged in the production and sales of bathroom spare parts. The production process and marketing strategy are the same. Due to the differences in language and culture and the retention of the management team of the Group, it must be managed differently according to the location. The reportable segments of the Company are as follows:

Asia Operations Area - Production and Sales in Asia.

North America Operation Area - Production and Sales in North America.

a. Segment revenue and results

	For the Year Ended December 31			
	Segment Revenue		Segment Profit	
	2022	2021	2022	2021
Asia operations area	$ 7,366,040	$ 8,914,639	$ 922,765	$ 837,574
North America operations area	870,747	723,304	10,761	(32,418)
Total from operations	$ 8,236,787	$ 9,637,943	933,526	805,156
Net foreign exchange gain			206,229	2,109
Gain (loss) on financial assets at FVTPL			(4,845)	16,829
Gain (loss) on disposal of property, plant and equipment			85,645	(934)
Interest income			8,459	3,639
Interest expenses			(67,208)	(68,314)
Allocation of central administration costs and directors' salaries			(205,690)	(226,386)
Profit before income tax			$ 956,116	$ 532,099

Segment revenue reported above represents revenue generated from external customers. The intersegment sales are $74,985 thousand and $132,185 thousand for the years ended December 31, 2022 and 2021, respectively.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, interest income, gain (loss) on disposal of property, plant and equipment, net foreign exchange gain (loss), valuation gain (loss) on financial assets (liabilities) at FVTPL, interest expense and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2022	2021
Segment assets		
Asia operation area	$ 11,647,738	$ 13,677,481
North America operation area	615,540	582,467
Total segment assets	$ 12,263,278	$ 14,259,948
Segment liabilities		
Asia operation area	$ 4,866,515	$ 7,572,276
North America operation area	101,126	147,676
Total segment liabilities	$ 4,967,641	$ 7,719,952

c. Revenue from major products: Note 19

d. Information about major customers

	For the Year Ended December 31			
	2022		2021	
	Amount	%	Amount	%
Customer A	$ 4,753,779	58	$ 6,000,677	62

TABLE 1

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars,Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 3)	Interest Rate	Nature of Financing (Note 1)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)
													Item	Value		
1	SSI	The Corporation	Other receivables from related parties	Yes	$ 344,699	$ -	$ -	-	2	$ -	Operation turnover	$ -	-	$ -	$ 2,127,809 USD 72,911 (Note 2)	$ 2,127,809 USD 72,911 (Note 2)
2	SSZ	The Corporation	Other receivables from related parties	Yes	164,711	-	-	-	2	-	Operation turnover	-	-	-	1,935,023 USD 66,305 (Note 2)	1,935,023 USD 66,305 (Note 2)

Note 1: The nature of financing is numbered as follows:

1. A company that has business dealings with the lender.
2. A company with short-term financing needs.

Note 2: For those who need capital loans due to business transactions, the loan amount shall not exceed the amount of business transactions between the two parties. Fund loans required for short-term financing shall not exceed 40% of the net value of the lending company, provided that the target of the fund loan is the parent company or parent company in the Republic of China that directly and indirectly holds 100% of the voting shares of the company For companies outside the Republic of China that directly and indirectly hold 100% of the voting shares, the limit shall not exceed 100% of the net value of the company that lent funds.

Note 3: Significant intercompany accounts and transactions have been eliminated.

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
The Corporation	Office Premises, City Plaza, Xitun District, Taichung City	2022.5.27	2011.5.10	$ 486,177	$ 607,162 (Note 1)	All received	$ 93,176	Taiwan Life Insurance Co., Ltd.	Not related	Repayment of bank loans and flexible use of funds	Note 2	Note 3

Note 1: Contract amount, excluding the agency fee and appraisal fee paid at the time of disposition.

Note 2: The valuation report of the subject matter issued by CCIS Real Estate Joint Appraisers Firm, according to the appraisal value of the land and building of $247,017 thousand and $316,818 thousand respectively according to the survey and appraisal; the case was approved by the board of directors on May 27, 2022.

Note 3: The Corporation leases the subject matter from the buyer for a period of 6 years from the date of completion of the transfer of the subject matter of the sale.

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Corporation	SSI	See Note 10 from consolidated financial statements.	Purchase	$ 1,964,350	34	-	$ -	-	$ (1,284,682)	52	
	SSZ	See Note 10 from consolidated financial statements.	Purchase	1,781,871	31	-	-	-	(951,228)	38	
SSI	The Corporation	See Note 10 from consolidated financial statements.	Sale	RMB 439,297	92	-	-	-	RMB 291,348	96	
SSZ	The Corporation	See Note 10 from consolidated financial statements.	Sale	RMB 399,294	92	-	-	-	RMB 215,725	94	

Note: Significant intercompany accounts and transactions have been eliminated.

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)			Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period		Allowance for Impairment Loss
							Amount	Actions Taken			
SSI	The Corporation	See Note 10 from consolidated financial statements.	Trade receivables	USD	41,833	1.70	$ -	-	USD	6,543	$ -
SSZ	The Corporation	See Note 10 from consolidated financial statements.	Trade receivables	USD	30,975	1.86	-	-	USD	6,054	-

Note : Significant intercompany accounts and transactions have been eliminated.

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount (Note 2)	Payment Terms	% to Total Sales or Assets
0	The Corporation	SSA	1	Sales	$ 74,985	45 days after shipments	1
		SSI	1	Trade payables	1,284,682	Net 60 days	10
			1	Purchases	1,964,350	Net 60 days	24
		SSZ	1	Trade payables	951,228	Net 60 days	8
			1	Purchases	1,781,871	Net 60 days	22

Note 1: Relationship of investee company to counterparty: (1) parent company to subsidiary; (2) subsidiary to parent company; (3) subsidiary to subsidiary.

Note 2: For the standard amount disclosed above, if it belongs to assets and liabilities, it is based on the disclosure standard of more than 1% of the consolidated total assets; if it is a profit and loss account, it is based on the disclosure standard of more than 1% of the consolidated total revenue. The above-mentioned related party transactions have been eliminated.

Note 3: The company purchased goods from SSZ and SSI respectively. As of December 31, 2022, the unrealized benefit of the countercurrent transaction was $71,505 thousand (eliminated).

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
	Stock										
The Corporation	SSH	Samoa	International investment	$ 1,404,738	$ 1,404,738	38,232,000	100	$ 4,082,893	USD 9,649	$ 252,678	Subsidiary
	SAC	Taichung City	Installment and selling of automatic control equipment	66,500	66,500	6,650,000	95	25,459	$ 1,271	(1,179)	Subsidiary
	SSA	State of Delaware, USA	Production and sales of sanitation, construction equipment, metal molds, hardware parts and copper pipe fitting, etc.	500,748	500,748	1,715	100	512,593	USD 938	28,255	Subsidiary
SSH	GFI	Cayman Islands	Production and sales of sanitation, construction equipment, metal molds, hardware parts and copper pipe fitting, etc.	USD 10,624	USD 10,624	8,900,000	100	USD 70,051	USD 5,254	(Note 1)	Sub-Subsidiary
	SIC	Samoa	Production and sales of sanitation, construction equipment, metal molds, hardware parts and copper pipe fitting, etc.	USD 23,632	USD 23,632	23,631,516	100	USD 64,663	USD 4,395	(Note 1)	Sub-Subsidiary

Note 1: Exempted from disclosure in accordance with regulations.

Note 2: Eliminated.

TABLE 7

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
SSI	Production and sales of sanitation, construction equipment, metal molds, hardware parts, etc.	$ 878,530 (RMB 225,870) (USD 29,650)	(Note 3)	$ 792,610 (USD 23,964)	$ -	$ -	$ 792,610 (USD 23,964)	$ 157,035 (RMB 35,959)	100	$ 157,035 (USD 5,254)	$ 2,136,133 (USD 69,558)	$ -
SSZ	Production and sales of sanitation, construction equipment, metal molds, hardware parts, etc.	807,418 (RMB 214,124) (USD 27,250)	(Note 4)	689,805 (USD 21,512)	-	-	689,805 (USD 21,512)	131,356 (RMB 30,185)	100	131,356 (USD 4,395)	1,958,503 (USD 63,774)	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 1,482,415 (USD 45,476)	$ 2,012,767 (USD 62,140)	(Note 2)

Note 1: Investment profit or loss are recognized based on the financial statements audited by the accountants of the parent company in Taiwan.

Note 2: In accordance with the "Principles for the Review of Investment or Technical Cooperation in the Mainland Area" issued by the Investment Review Commission on August 29, 2008, the consolidated company obtained the certificate of the scope of operations of the operating headquarters approved by the Industrial Bureau of the Ministry of Economic Affairs, and there is no upper limit on the amount of investment in the mainland area.

Note 3: Reinvest in mainland companies through third-region investment establishment companies (GFI).

Note 4: Reinvest in mainland companies through third-region investment establishment companies (SIC).

TABLE 8

SUNSPRING METAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Yang, Ching Chi	43,113,438	21.55%
He Yi Co., Ltd.	24,267,957	12.13%
SUCCESS VICTORY INVESTMENT INC.	12,924,505	6.46%
Yang, Cheng Fa	11,135,000	5.56%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation's consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.

V. A parent company only financial statement for the most recent fiscal year, certified by a CPA

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunspring Metal Corporation

Opinion

We have audited the accompanying financial statements of Sunspring Metal Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's financial statements for the year ended December 31, 2022 are described as follows:

Revenue Recognition

The growth rate of sales revenue from some of the specific customers is significantly higher than the average sales revenue; therefore, the specific revenue from these customers was identified as a key audit matter. Refer to Note 4 to the financial statements for the related accounting policies on sales revenue.

Our audit procedures performed in regard to the key audit matter included the following:

1. We understood the design and implementation of the main internal controls for the abovementioned customer-specific sales revenue and tested if these controls were performed effectively.

2. We selected appropriate samples from the abovementioned customer-specific sales receipts and checked the customer orders, delivery orders and payment collections corresponding to sales revenue to confirm the validity of sales revenue.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shao-Chun Wu and Li-Tung Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 3, 2023

Notice to Readers

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

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

SUNSPRING METAL CORPORATION

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Par Value Per Share)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 391,153	3	$ 265,857	2
Trade receivables-non-related parties (Note 8)	1,923,179	14	3,402,439	22
Trade receivables-related parties (Note 27)	1,835	-	22,056	-
Other receivables (Note 8)	6,546	-	36,037	-
Current tax assets	65	-	124	-
Inventories (Note 9)	1,583,257	11	1,216,986	8
Other current assets (Note 27)	37,021	-	42,145	-
Total current assets	3,943,056	28	4,985,644	32
NON-CURRENT ASSETS				
Investments accounted for using equity method (Note 10)	4,620,945	33	4,231,530	28
Property, plant and equipment (Notes 11, 27 and 28)	4,613,556	33	5,442,159	35
Right-of-use assets (Notes 12 and 27)	515,263	4	468,878	3
Intangible assets (Note 13)	6,637	-	8,873	-
Deferred tax assets (Note 21)	98,233	1	137,225	1
Prepayments for machinery and equipment	89,795	1	129,073	1
Refundable deposits	5,396	-	6,236	-
Net defined benefit assets - non-current (Note 17)	15,254	-	3,714	-
Other financial assets - non-current (Notes 6 and 28)	53,299	-	13,610	-
Other non-current assets	7,527	-	22,428	-
Total non-current assets	10,025,905	72	10,463,726	68
TOTAL	$ 13,968,961	100	$ 15,449,370	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 935,000	7	$ 2,309,818	15
Short-term bills payable (Note 14)	-	-	199,890	2
Financial liabilities at fair value through profit or loss - current (Notes 7 and 26)	84	-	-	-
Trade payables - non-related parties	235,491	2	353,137	2
Trade payables- related parties (Note 27)	2,235,910	16	1,897,636	12
Other payables- non-related parties (Note 15)	210,246	1	210,168	2
Other payables - related parties (Notes 15 and 27)	970	-	18,432	-
Current tax liabilities	12,725	-	-	-
Provisions - current (Note 16)	2,672	-	2,455	-
Lease liabilities - current (Notes 12 and 27)	44,186	-	29,791	-
Current portion of long-term borrowings (Notes 14 and 28)	257,407	2	297,359	2
Other current liabilities	35	-	10,232	-
Total current liabilities	3,934,726	28	5,328,918	35
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 14 and 28)	2,050,816	15	2,989,692	19
Deferred tax liabilities (Note 21)	173,621	1	125,721	1
Lease liabilities - non-current (Notes 12 and 27)	499,903	4	446,755	3
Deferred revenue (Note 23)	16,554	-	20,301	-
Total non-current liabilities	2,740,894	20	3,582,469	23
Total liabilities	6,675,620	48	8,911,387	58
EQUITY				
Ordinary shares - par value of NT$10 per share	1,999,942	14	1,999,942	13
Capital surplus	1,911,126	14	1,911,126	12
Retained earnings				
Legal reserve	785,390	5	741,863	5
Special reserve	380,083	3	354,215	2
Unappropriated earnings	2,487,262	18	1,910,920	12
Other equity	(270,462)	(2)	(380,083)	(2)
Total equity	7,293,341	52	6,537,983	42
TOTAL	$ 13,968,961	100	$ 15,449,370	100

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

SUNSPRING METAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
SALES (Notes 19 and 27)	$ 7,219,302	100	$ 8,611,033	100
COST OF GOODS SOLD (Notes 9, 20 and 27)	6,296,750	87	7,741,276	90
GROSS PROFIT	922,552	13	869,757	10
Realized gain on transactions with subsidiaries	40	-	1,321	-
GROSS PROFIT, NET	922,592	13	871,078	10
OPERATING EXPENSES (Notes 20 and 27)				
Selling and marketing expenses	237,698	3	317,015	4
General and administrative expenses	206,132	3	228,890	2
Research and development expenses	21,399	-	21,269	-
Expected credit loss (reversed) (Note 7)	(31,728)	-	6,285	-
Total operating expenses	433,501	6	573,459	6
PROFIT FROM OPERATIONS	489,091	7	297,619	4
NON-OPERATING INCOME AND EXPENSES				
Interest income	6,152	-	706	-
Other income (Notes 23 and 27)	12,836	-	13,034	-
Gain (loss) on disposal of property, plant and equipment	94,601	1	(545)	-
Foreign exchange gain, net	44,743	1	47,574	1
Gain (loss) on financial assets at fair value through profit or loss, net	(4,845)	-	16,829	-
Share of profits of subsidiaries	279,754	4	193,658	2
Interest expense (Notes 23 and 27)	(67,131)	(1)	(68,257)	(1)
Other expenses	(1,144)	-	(3,720)	-
Total non-operating income and expenses	364,966	5	199,279	2
PROFIT BEFORE INCOME TAX	854,057	12	496,898	6
INCOME TAX EXPENSE (Note 21)	117,211	2	60,829	1
NET PROFIT FOR THE YEAR	736,846	10	436,069	5

(Continued)

SUNSPRING METAL CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 11,111	-	$ (999)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	109,621	2	(25,868)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 21)	(2,223)	-	200	-
	107,398	2	(25,668)	-
Other comprehensive income for the year, netv of income tax	118,509	2	(26,667)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 855,355	12	$ 409,402	5
EARNINGS PER SHARE (Note 22)				
Basic	$ 3.68		$ 2.48	
Diluted	$ 3.64		$ 2.45	

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

SUNSPRING METAL CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company (Note 18)						
			Retained Earnings			Other Equity	
	Ordinary Shares	Capital Surplus	Special Reserve	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2021	$ 1,630,142	$ 1,322,471	$ 741,863	$ 355,688	$ 1,490,478	$ (354,215)	$ 5,186,427
Appropriation of 2020 earnings							
Special reserve	-	-	-	(1,473)	1,473	-	-
Cash dividends distributed by the Company - NT$0.1 per share	-	-	-	-	(16,301)	-	(16,301)
	-	-	-	(1,473)	(14,828)	-	(16,301)
Net profit for the year ended December 31, 2021	-	-	-	-	436,069	-	436,069
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(799)	(25,868)	(26,667)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	435,270	(25,868)	409,402
Issuance of ordinary shares for cash	369,800	570,350	-	-	-	-	940,150
Share-based payments	-	18,305	-	-	-	-	18,305
BALANCE AT DECEMBER 31, 2021	1,999,942	1,911,126	741,863	354,215	1,910,920	(380,083)	6,537,983
Appropriation of 2021 earnings							
Legal reserve	-	-	43,527	-	(43,527)	-	-
Special reserve	-	-	-	25,868	(25,868)	-	-
Cash dividends distributed by the Company - NT$0.5 per share	-	-	-	-	(99,997)	-	(99,997)
	-	-	43,527	25,868	(169,392)	-	(99,997)
Net profit for the year ended December 31, 2022	-	-	-	-	736,846	-	736,846
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	8,888	109,621	118,509
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	745,734	109,621	855,355
BALANCE AT DECEMBER 31, 2022	$ 1,999,942	$ 1,911,126	$ 785,390	$ 380,083	$ 2,487,262	$ (270,462)	$ 7,293,341

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

SUNSPRING METAL CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 854,057	$ 496,898
Adjustments for:		
Depreciation expenses	516,887	503,395
Amortization expenses	27,550	29,291
Expected credit loss (reversed) recognized on trade receivables	(31,728)	6,285
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	84	-
Interest expense	67,131	68,257
Interest income	(6,152)	(706)
Compensation cost of employee share options	-	17,671
Share of profits of subsidiaries	(279,754)	(193,658)
Loss (gain) on disposal of property, plant and equipment	(94,601)	545
Impairment loss (reversed) recognized on non-financial assets	81,608	(3,020)
Realized gain on transactions with subsidiaries	(40)	(1,321)
Foreign currency exchange gain, net	(24,238)	(13,846)
Recognition of provisions	-	(33,052)
Changes in operating assets and liabilities		
Notes receivable	-	165
Trade receivables	1,528,921	(1,545,200)
Other receivables	25,880	(30,247)
Inventories	(449,603)	(224,839)
Other current assets	(4,018)	(5,924)
Trade payables	222,713	(58,962)
Other payables	(18,322)	60,189
Other current liabilities	-	(3,445)
Net defined benefit assets	(429)	(546)
Deferred revenue	(13,944)	9,717
Cash generated from (used in) operations	2,402,002	(922,353)
Interest received	5,876	706
Interest paid	(60,344)	(62,473)
Income taxes paid (received)	(19,758)	194
Net cash generated from (used in) operating activities	2,327,776	(983,926)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(85,396)	(177,335)
Proceeds from disposal of property, plant and equipment	600,315	1,349
Decrease (increase) in refundable deposits	840	(4,095)
Acquisition of intangible assets	(1,781)	(2,015)
Increase in other financial assets	(39,689)	(16)
Increase in other non-current assets	-	(240)
Increase in prepayments for machinery and equipment	(12,799)	(73,270)
Net cash generated from (used in) investing activities	461,490	(255,622)

(Continued)

SUNSPRING METAL CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from short-term borrowings	$ (1,374,818)	$ 367,133
Decrease in short-term bills payable	(199,890)	-
Proceeds from long-term borrowings	2,100,000	2,122,540
Repayments of long-term borrowings	(3,084,694)	(2,142,777)
Repayment of the principal portion of lease liabilities	(37,996)	(29,234)
Dividends paid	(99,997)	(16,301)
Proceeds from issuance of ordinary shares	-	940,150
Net cash generated from (used in) financing activities	(2,697,395)	1,241,511
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	33,425	4,805
NET INCREASE IN CASH AND CASH EQUIVALENTS	125,296	6,768
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	265,857	259,089
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 391,153	$ 265,857

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

SUNSPRING METAL CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sunspring Metal Corporation (the “Company”) was incorporated in July 1984. It mainly engaged in the manufacturing, processing and trading of water pipe switch accessories, gate valves, corks, copper pipe fittings and waterway sanitary equipment.

The Company was listed on the Taiwan Stock Exchange in November 2007.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 23, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commision (FSC).

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Company (collectively referred to as the “Company”).

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing no significant impact that the application of other standards and interpretations will have on the Company's financial position and financial performance.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries, associates and the related equity items, as appropriate, in these financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries in other countries that use currencies which are different from the Corporation) are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, work-in-process, merchandise and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost.

i. Financial asset at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables other receivables, refundable deposits and other financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit loss (ECL) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations indication that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all the financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into foreign exchange forward to manage its exposure to interest rate and foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instrument is negative, the derivative is recognized as a financial liability.

k. Provision

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Sales of goods are recognized as revenue when the goods are delivered to the customer’s specific location/the goods are shipped/the goods are picked up because it is the time when the customer has full discretion over the manner of distribution and bears the risks of obsolescence. Revenue and trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on and index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Company recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor, and adjusts the off-market terms to measure the sale proceeds at fair value. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2)Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit assets are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit assets represent the actual surplus in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Share-based payment arrangements

1) The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Corporation’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options; The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

2) Share-based payment arrangement for equity granted to subsidiaries’ employees

The Company grants subsidiaries' employees share options that can be exercised in exchange for equity instruments of the Company. These transactions are accounted as capital investments from the Company to subsidiaries, and are measured at the fair value of equity instrument as of the grant date. The Company recognizes increase in the book value of subsidiary investments over the vesting period against a corresponding adjustment to capital surplus - employee share options.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of the ROC.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 73	$ 202
Checking accounts and demand deposits	131,008	130,991
Time deposits	313,371	148,274
	444,452	279,467
Less: Pledged time deposits	(53,299)	(13,610)
	$ 391,153	$ 265,857

Pledged time deposits accounted as other non-current assets.

7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2022	**2021**
Financial liabilities at FVTPL-current		
Held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 84	$ -

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2022			
Sell	USD/RMB	2023.1.13-2023.3.28	USD15,000/CNH104,187

The Company entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2022	2021
Trade receivables		
Trade receivables	$ 1,935,442	$ 3,445,988
Less: Allowance for impairment loss	(12,263)	(43,549)
	$ 1,923,179	$ 3,402,439
Other receivable		
Other receivable	$ 6,585	$ 36,518
Less: Allowance for impairment loss	(39)	(481)
	$ 6,546	$ 36,037

The average credit period of the sale of goods is 60-140 days. No interest is charged on trade receivables. The Company adopted a policy of using other publicly available financial information or its own trading records to rate its customers.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company’s credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated by reference to the past default experience of the customer, the customer’s current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company’s different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables:

	Not Past Due	1 to 60 Days	61 to 90 Days	Over 90 Days	Total
December 31, 2022					
Expected credit loss rate	0-0.06%	0.81-6.23%	29.41%	58.93-100%	
Gross carrying amount	$ 1,821,838	$ 102,986	$ 385	$ 10,233	$ 1,935,442
Loss allowance (Lifetime ECL)	(1,108)	(842)	(113)	(10,200)	(12,263)
Amortized cost	$ 1,820,730	$ 102,144	$ 272	$ 33	$ 1,923,179
December 31, 2021					
Expected credit loss rate	0.1%	0.1%	50%	100%	
Gross carrying amount	$ 2,844,345	$ 554,481	$ 14,205	$ 33,137	$ 3,445,988
Loss allowance (Lifetime ECL)	(2,845)	(554)	(7,013)	(33,137)	(43,549)
Amortized cost	$ 2,841,500	$ 553,927	$ 7,012	$ -	$ 3,402,439

The movements of the loss allowance of trade receivables and other receivables were as follows:

	For the Year Ended December 31, 2022		For the Year Ended December 31, 2021	
	Trade Receivables	Other Receivables	Trade Receivables	Other Receivables
Balance, beginning of year	$ 43,549	$ 481	$ 38,388	$ 43
Expected credit loss (reversed)	(31,286)	(442)	5,847	438
Balance, end of year	$ 12,263	$ 39	$ 43,549	$ 481

9. INVENTORIES

	December 31	
	2022	2021
Merchandise and finished goods	$ 758,392	$ 501,187
Work in process	519,884	164,612
Raw materials and supplies	304,981	551,187
	$ 1,583,257	$ 1,216,986

The nature of the cost of goods sold is as follows:

	December 31 2022	December 31 2021
Inventory write-downs (reversed)	$ 81,608	$ (3,020)
Unallocated fixed production overhead	2,908	2,910

The increased net realizable value of inventories is due to the elimination of inventories.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2022	December 31 2021
Non-listed companies		
Sunspring Holding Corporation (SSH)	$ 4,082,893	$ 3,770,256
Sunspring America Inc. (SSA)	512,593	434,636
Sunspring Automation Corporation (SAC)	25,459	26,638
	$ 4,620,945	$ 4,231,530

The Company's percentage of ownership and voting rights in subsidiaries at the end of the year are as follows:

			Proportion of Ownership	
			December 31	
Investor	**Investee**	**Nature of Activities**	**2022**	**2021**
The Corporation	Sunspring Holding Corporation (SSH)	International investment	100	100
	Sunspring Automation Corporation (SAC)	Installation and sale of automatic control equipment	95	95
	Sunspring America Inc. (SSA)	Manufacturing and sales of sanitation, construction equipment, metal molds and hard parts	100	100
SSH	Sunspring International Corporation (SIC)	International investment	100	100
	Golden Faith International Corporation (GFI)	International investment	100	100
SIC	Sunspring Metal (Zhuhai) Corporation (SSZ)	Manufacturing and sales of sanitation, construction equipment, metal molds and hard parts	100	100
GFI	Sunspring Industrial Ltd. (SSI)	Manufacturing and sales of sanitation, construction equipment, metal molds and hard parts	100	100

Share of profit and loss from equity-accounted subsidiaries in 2022 and 2021 was recognized based on audited financial statements of the respective subsidiaries for the corresponding periods.

11. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2022				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
Cost					
Land	$ 324,674	$ -	$ (324,674)	$ -	$ -
Buildings	2,150,753	5,949	(228,930)	-	1,927,772
Machinery and equipment	3,767,038	1,387	(715)	181,345	3,949,055
Transportation equipment	33,825	583	(2,409)	4,377	36,376
Office equipment	162,937	-	(2,645)	1,417	161,709
Miscellaneous equipment	829,054	20,490	(1,336)	69,729	917,937
Construction in progress and equipment pending acceptance	224,488	41,281	-	(191,576)	74,193
	7,492,769	$ 69,690	$ (560,709)	$ 65,292	7,067,042
Accumulated depreciation					
Buildings	388,720	$ 60,432	$ (67,428)	$ -	381,724
Machinery and equipment	1,189,270	295,786	(464)	-	1,484,592
Transportation equipment	26,160	4,764	(2,409)	-	28,515
Office equipment	137,197	15,158	(2,646)	-	149,709
Miscellaneous equipment	309,263	101,019	(1,336)	-	408,946
	2,050,610	$ 477,159	$ (74,283)	$ -	2,453,486
	$ 5,442,159				$ 4,613,556

	For the Year Ended December 31, 2021				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
Cost					
Land	$ 324,674	$ -	$ -	$ -	$ 324,674
Buildings	2,140,039	10,209	-	505	2,150,753
Machinery and equipment	3,640,574	6,897	(1,559)	121,126	3,767,038
Transportation equipment	33,227	-	-	598	33,825
Office equipment	159,633	154	(78)	3,228	162,937
Miscellaneous equipment	756,541	1,595	(1,125)	72,043	829,054
Construction in progress and equipment pending acceptance	208,555	169,245	-	(153,312)	224,488
	7,263,243	$ 188,100	$ (2,762)	$ 44,188	7,492,769
Accumulated depreciation					
Buildings	319,903	$ 68,817	$ -	$ -	388,720
Machinery and equipment	901,487	288,228	(445)	-	1,189,270
Transportation equipment	21,003	5,157	-	-	26,160
Office equipment	117,965	19,309	(77)	-	137,197
Miscellaneous equipment	219,682	89,927	(346)	-	309,263
	1,580,040	$ 471,438	$ (868)	$ -	2,050,610
	$ 5,683,203				$ 5,442,159

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	51 years
Others	6-20 years
Machinery and equipment	4-15 years
Transportation equipment	6 years
Office equipment	4-6 years
Miscellaneous equipment	3-16 years

The transaction information of land and buildings is set out in Note 12.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 28.

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amounts		
Land	$ 423,147	$ 425,836
Buildings	92,116	43,042
	$ 515,263	$ 468,878

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 86,113	$ 60,702
Depreciation charge for right-of-use assets		
Land	$ 9,595	$ 9,516
Buildings	30,133	22,441
	$ 39,728	$ 31,957

Except for additions and the recognized depreciation expenses listed above, the Company’s right-of-use assets did not have significant subleases or impairment in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current	$ 44,186	$ 29,791
Non-current	$ 499,903	$ 446,755

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Land	1.20%	1.20%
Buildings	1.20%-2.35	1.20%

c. Material lease-in activities and terms

In May 2015, the Company signed a land lease contract in the Taichung Park of the Central Science Park with the Central Taiwan Science Park Bureau, Ministry of Science and Technology. The lease period was from May 2015 to December 2034.

The Company leased the plant from non-related parties, and the lease period was from January 2021 to December 2023. Refer to Note 27 for the leased plant of the Company and related parties.

In June 2022, to activate assets and improve its financial structure, the Company sold the real estate located in Huiguo Section, Xitun District, Taichung City in June 2022 for 607,162 thousand to Taiwan Life Insurance Co., Ltd., and leased it back for use. The lease period is from June 2022 to June 2028, a total of 6 years, and recognized a gain of $93,176 thousand. The right-of-use assets and lease liabilities are recognized in accordance with IFRS 16. For the part whose fair value is higher than the book value, the unrealized sale and leaseback benefits of the right-of-use assets are recognized according to the leaseback of $19,288 thousand and amortized during the lease period. The lessee shall notify the lessor in writing and obtain consent 12 months before the expiry date, so that the new contract will continue to lease the object of the lease without the right to purchase. The lease contract stipulates that the annual lease payments for the first three years and the next three years of the lease are $17,302 thousand and $17,917 thousand, respectively.

d. Other lease information

The Company's leases of certain equipment qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INTANGIBLE ASSETS

	December 31	
	2022	2021
Computer software		
Balance, beginning of year	$ 8,873	$ 12,238
Additions for the year	1,781	2,015
Amortization of the year	(4,017)	(5,380)
Balance, end of year	$ 499,903	$ 446,755

Computer software is depreciated using the straight-line method over the estimated useful lives of 5 years.

14. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Line of credit borrowings	$ 935,000	$ 2,309,818
Rate of interest per annum (%)	1.57-1.9	0.88-1.30

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	$ -	$ 200,000
Less: Unamortized discount on bills payable	-	(110)
	$ -	$ 199,890
Rate of interest per annum (%)	-	0.96

c. Long-term borrowings

	December 31	
	2022	2021
Line of credit borrowings - due from January 2023 to July 2029, pay in installments from January 2023 to July 2029	$ 2,317,363	$ 2,702,056
Secured borrowings – due in August 2024 (Note 28)	-	600,000
	2,317,363	3,302,056
Less: Current portion	(257,407)	(297,359)
Government loan discount (Note 23)	(9,140)	(15,005)
	$ 2,050,816	$ 2,989,692
Rate of interest per annum (%)		
Line of credit borrowings (Note 23)	0.48-1.81	0.00-1.16
Secured borrowings	-	1.33

The Company has signed long-term credit contracts with the bank. According to the provisions of some credit contracts, the financial statements should maintain the specific financial ratio, which should be checked once every six months. As of the date the financial statements were authorized for issue, the Company has not violated the situation.

15. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries and bonuses	$ 119,641	$ 116,640
Payables for expenses	64,662	82,502
Payables for purchases of equipment	25,406	10,467
Payables for related parties	70	18,432
Others	537	559
	$ 221,216	$ 228,600

16. PROVISIONS - CURRENT

	December 31	
	2022	2021
Balance, beginning of year	$ 2,455	$ 36,662
Amounts paid	-	(33,052)
Effect of foreign currency exchange difference	217	(1,155)
Balance, end of year	$ 2,672	$ 2,455

The provision for sales discounts of the Company is based on historical experience, management judgments and other known reasons to estimate possible product discounts, and is recognized as a deduction of operating income in the year when the relevant products are sold.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 40,286	$ 49,240
Fair value of plan assets	(55,540)	(52,954)
Net defined benefit assets	$ (15,254)	$ (3,714)

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2021	$ 47,462	$ (51,629)	$ (4,167)
Service cost			
Current service cost	250	-	250
Net interest expense (income)	237	(260)	(23)
Recognized in profit or loss	487	(260)	227
Remeasurement			
Return on plan assets	-	(654)	(654)
Actuarial loss - changes in demographic assumptions	1,125	-	1,125
Actuarial loss - experience adjustments	528	-	528
Recognized in other comprehensive income	1,653	(654)	999
Contributions from the employer	-	(773)	(773)
Benefits paid	(362)	362	-
Balance at December 31, 2021	49,240	(52,954)	(3,714)
Service cost			
Current service cost	252	-	252
Net interest expense (income)	246	(267)	(21)
Recognized in profit or loss	498	(267)	231
Remeasurement			
Return on plan assets	-	(4,194)	(4,194)
Actuarial loss - changes in financial assumptions	3,568)	-	3,568)
Actuarial loss - experience adjustments	(3,349)	-	(3,349)
Recognized in other comprehensive income	(6,917)	(4,194)	(11,111)
Contributions from the employer	-	(660)	(660)
Benefits paid	(2,535)	2,535	-
Balance at December 31, 2022	$ 40,286	$ (55,540)	$ (15,254)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	**2021**
Discount rates	1.375%	0.5%
Expected rates of salary increase	2.75%	2.75%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	**2021**
The Corporation		
Discount rate		
0.25% increase	$ (936)	$ (1,233)
0.25% decrease	$ 972	$ 1,284
Expected rate of salary		
0.25% increase	$ 943	$ 1,236
0.25% decrease	$ (913)	$ (1,194)

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	**2021**
Expected contributions to the plan for the next year	$ 662	$ 699
Average duration of the defined benefit obligation	9 years	10 years

18. EQUITY

a. Ordinary shares

	December 31 2022	2021
Number of shares authorized (in thousands)	200,000	200,000
Shares authorized	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (in thousands)	199,994	199,994
Shares issued	$ 1,999,942	$ 1,999,942

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

On June 22, 2021, the Company's board of directors resolved to issue $36,980 thousand ordinary shares with a par value of $10, for a consideration of $25.5 per share. On July 16, 2021, the above transaction was approved by the FSC, and the subscription base date was determined by the board of directors to be August 24, 2021.

According to the Company Act, the issuance of ordinary shares for cash shall appropriate 10% of the total amount of new shares for subscription by employees. According to IFRS 2 "Share-based Payment", the Company recognized salary expense and share premium in the amount of $18,305 thousand in 2021.

b. Capital surplus

	December 31 2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 1,911,126	$ 1,911,126

Note: Including the amount of issued share capital exceeding the par value during seasoned equity offering, and the amount transferred from capital reserves to employee shares when employee shares are executed and expired. Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the accumulated amount a such legal reserve equals to the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company may distribute more than 20% of the profit after tax of the year as shareholder dividends based on financial, business, and operational considerations; based on capital expenditures, business expansion needs, and sound financial planning for sustainable development, when distributing shareholder dividends, it can be paid in the form of cash or stock, but the cash dividend is limited to not less than 20% of the total dividends distributed to shareholders in the current year.

If there is no profit or the distributable profit is far lower than the previous year's amounts distributed, or in consideration of financial, business and operating factors, the appropriation for capital reserve shall be in accordance with relevant laws or regulations or as requested by the authorities in charge.

A distribution plan is also to be made by the board of directors and should be resolved in the shareholder's meeting. The dividends could be distributed in whole or in part by cash after the resolution has been passed by more than half of the directors present at the meeting of the board of directors, in which at least two-thirds of the total number of directors should be present. In addition, a report of such distribution shall be submitted to the shareholders' meeting.

For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to Note 20.

An appropriation of earnings to a legal reserve should be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of cash dividends per share for 2021 and 2019 approved in the shareholders' meeting in April 2022 and August 2021, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2021	**2019**	**2021**	**2019**
Legal reserve	$ 43,527	$ -		
Special reserve (reversed)	25,868	(1,473)		
Cash dividends	99,997	16,301	$ 0.5	$ 0.1

The appropriations of earnings for 2022 had been proposed by the Company's board of directors on February 23, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 74,573	
Special reserve	(109,621)	
Cash dividends	199,994	$ 1

d. Special reserve

	December 31	
	2022	**2021**
Balance, beginning of year	$ 354,215	$ 355,688
Appropriations	25,868	-
Reversals		
Reversal of the debits to other equity items	-	(1,473)
Balance, end of year	$ 380,083	$ 354,215

If a special reserve appropriated on the first-time adoption of IFRSs relates to exchange differences on translation of the financial statements of foreign operations (including the subsidiaries of the Company), the special reserve will be reversed on a proportionate basis according to the Company's disposal of foreign operations; on the Company's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

19. REVENUE

	December 31	
	2022	**2021**
Faucet parts	$ 4,598,722	$ 5,817,284
Faucet assemblies	2,620,580	2,793,749
	$ 7,219,302	$ 8,611,033

20. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION EXPENSES

	Operating Costs	**Operating Expenses**	**Total**
For the Year Ended December 31, 2022			
Employee benefits			
Salary	$ 387,437	$ 190,324	$ 577,761
Labor and health insurance	44,714	23,001	67,715
Pension costs	13,457	11,486	24,943
Remuneration of directors	-	1,675	1,675
Other employee benefits	31,927	2,375	34,302
Depreciation expenses	461,064	55,823	516,887
Amortization expenses	20,328	7,222	27,550
For the Year Ended December 31, 2021			
Employee benefits			
Salary	402,596	220,420	623,016
Labor and health insurance	44,873	23,484	68,357
Pension costs	13,986	11,590	25,576
Remuneration of directors	-	1,416	1,416
Other employee benefits	31,369	2,842	34,211
Depreciation expenses	446,302	57,093	503,395
Amortization expenses	22,466	6,825	29,921

Note 1: As of 2022 and 2021, the Company had an average of 991 and 1,044 employees, respectively. There were 4 and 3 directors who did not serve concurrently as employees for both years.

Note 2: As of 2022 and 2021, the average of employee benefits expense was $714 thousand and $721 thousand, respectively.

Note 3: As of 2022 and 2021, the average of employee salaries was $585 thousand and $598 thousand, respectively.

Note 4: The change in the average employee salaries was 2%.

Note 5: The remuneration, emoluments and business execution expenses of the directors of the Company are based on the industry norm, the attendance situation of the directors and the Company's Articles; the remuneration of managers and employees included salaries, retirement pensions, bonuses and compensation. The remuneration is determined in accordance with the individual contributions, qualifications, operating performance, degree of responsibility and industry norm. The remuneration of directors and key executives, according to the Company's Articles, is determined by the board of directors and the remuneration committee based on the Company's overall operation performance, future trends, the individual participation in the Company's operation and the contribution value. Relevant performance appraisal and remuneration reasonableness are reviewed in a timely manner and submitted to the remuneration committee and the board of directors, in order to achieve a balance between the Company's sustainable operation and risk control.

According to the Articles of Incorporation of the Corporation, the Corporation accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 1%, respectively, of individual net profit before income tax, compensation of employees, and the remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Corporation's board of directors on January 18, 2023 and January 26, 2022, respectively, were as follows:

	For the Year Ended December 31			
	2022		2021	
	Accrual rate	Amount	Accrual rate	Amount
Compensation of employees	5.22%	$ 47,051	9.61%	$ 52,852
Remuneration of directors	-	-	-	-

If there will be a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

a. The income tax expense recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
Income tax of unappropriated earnings	13,294	-
Land value increment tax	11,534	-
Adjustments for prior years	7,714	-
	32,542	-
Deferred tax		
In respect of the current year	84,669	60,829
Income tax expense recognized in profit or loss	$ 117,211	$ 60,829

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 854,057	$ 496,898
Income tax expense calculated at the statutory rate	$ 170,811	$ 99,379
Net profit or loss not included in taxation	(72,821)	(38,809)
Unrecognized deductible temporary differences and loss carryforwards	(13,320)	-
Land value increment tax	13,294	-
Adjustments for prior years' tax	11,534	-
	7,713	259
Income tax expense recognized in profit or loss	$ 117,211	$ 60,829

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2022			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Provisions	$ 5,831	$ (5,299)	$ -	$ 532
Allowance for inventory devaluation	42,720	15,005	-	57,725
Others	10,002	4,622	(2,223)	12,401
	58,553	14,328	(2,223)	70,658
Loss carryforwards	78,672	(51,097)	-	27,575
	$ 137,225	$ (36,769)	$ (2,223)	$ 98,233
Deferred tax liabilities				
Temporary differences				
Property, plant and equipment	$ 118,118	$ 55,091	$ -	$ 173,209
Others	7,603	(7,191)	-	412
	$ 125,721	$ 47,900	$ -	$ 173,621

	For the Year Ended December 31, 2021			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Provisions	$ 12,903	$ (7,072)	$ -	$ 5,831
Allowance for inventory devaluation	43,324	(604)	-	42,720
Others	11,362	(1,560)	200	10,002
	67,589	(9,236)	200	58,553
Loss carryforwards	103,697	(25,025)	-	78,672
	$ 171,286	$ (34,261)	$ 200	$ 137,225
Deferred tax liabilities				
Temporary differences				
Property, plant and equipment	$ 88,846	$ 29,272	$ -	$ 118,118
Others	10,307	(2,704)	-	7,603
	$ 99,153	$ 26,568	$ -	$ 125,721

c. Unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2022	2021
Loss carryforwards		
Due to 2029	$ -	$ 1,326
Due to 2030	58,101	235,192
	$ 58,101	$ 236,518

d. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
$ 195,977	2030

e. The information of unrecognized deferred income tax liabilities associated with investments

As of December 31, 2022 and 2021, the aggregate taxable temporary differences associated with investments in subsidiaries not recognized as deferred income tax liabilities amounted to NT$2,690,000 thousand and NT$2,365,518 thousand, respectively.

f. Income tax assessments

The tax returns of the Company through 2020 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Corporation	Number of Shares (In Thousands)	Earnings Per Share (NT$)
For the Year Ended December 31, 2022			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	$ 736,846	199,994	$ 3.68
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	2,600	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	$ 736,846	202,594	$ 3.64
For the Year Ended December 31, 2021			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	$ 436,069	176,185	$ 2.48
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	2,055	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	$ 436,069	178,240	$ 2.45

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. GOVERNMENT GRANTS

In addition, as of December 31, 2022, the Company received an interest-free loan of $949,463 thousand from the government's "Welcome Taiwan Businessmen to Return to Taiwan Investment Action Plan" for capital expenditure and operating turnover. The loan will be paid in installments from 2022 to 2029 using prevailing market interest rates for an equivalent loan of 1.1%-1.6%, the fair value of the loan was estimated at $925,843 thousand on initial recognition. The difference of $23,620 thousand between the proceeds and the fair value of the loan is the benefit derived from the interest-free loan and has been recognized as deferred revenue. The revenue was transferred to other income when training expenses were incurred. For the years ended December 31, 2022 and 2021, the amount transferred to other income was $2,487 thousand and $2,671 thousand, respectively, and interest expense recognized on this loan was $11,467 thousand and $13,076 thousand, respectively, and interest paid was $6,862 thousand and $7,312 thousand, respectively.

If the company fails to comply with the key requirements of the project loan during the lending period, causing the National Development Fund to stop the appropriation of the commission fee for the loan, the company will pay the original agreed interest rate plus the annual interest rate instead.

24. NON-CASH TRANSACTIONS

The investment and financing activities of the non-cash transactions of the Company in 2022 and 2021 were $15,706 thousand and $10,765 thousand, respectively, under the accounts payable for equipment for the acquisition of property, plant and equipment.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, other equity.

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure quarterly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Company's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values or that their fair value cannot be measured reliably.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Market risk

	Level 1	**Level 2**	**Level 3**	**Total**
December 31, 2022				
Financial liabilities at FVTPL-current				
Derivatives	$ -	$ 84	$ -	$ 84

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	December 31	
	2022	**2021**
Financial assets		
Financial assets at amortized cost (1)	$ 2,381,408	$ 3,746,235
Financial liabilities		
FVTPL		
Held for trading	84	-
Financial liabilities at amortized cost (2)	5,925,840	8,276,132

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, refundable deposits and other financial assets and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, trade payables, other payables, long-term borrowings (including those due within one year) and guarantee deposits received.

c. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables, trade payables, lease liabilities and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to the risks arising from some foreign currency net assets or net liabilities due to exchange rate or interest rate fluctuations.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured. The primarily financial risks were as follows:

a) Foreign currency risk

The Company engages in sales and purchase transactions denominated in foreign currencies, which expose the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 30.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB. When the NTD had changed by 1% against the USD, the pre-tax profit for the years ended December 31, 2022 and 2021 would have changed by $5,943 thousand and $3,668 thousand. When the NTD had changed by 1% against the RMB, the pre-tax profit for the years ended December 31, 2022 and 2021 would have changed by $5,374 thousand and $4,397 thousand, respectively.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk because the exposure at the end of the year did not reflect the exposure during the year.

b) Interest rate risk

The Company is exposed to interest rate risk because of deposits and loans at both fixed and floating interest rates. The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 313,371	$ 148,274
Financial liabilities	3,787,312	6,273,305
Cash flow interest rate risk		
Financial assets	131,008	130,991

Sensitivity analysis

For financial assets and liabilities with floating interest rates, if interest rates had been 4 basis points (1%) higher or lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2022 would have decreased or increased by $1,310 thousand and $1,310 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company's concentration of credit risk of 84% and 87% of total trade receivables as of December 31, 2022 and 2021, respectively, was attributable to the Company's three largest customers.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized bank loan facilities of $5,868,501 thousand and $2,108,599 thousand, respectively.

The liquidity and interest rate risk table below illustrates the maturity analysis of the financial liabilities of the Company within the repayment period. Non-derivative financial liabilities are prepared in terms of undiscounted cash flow on the earliest date when the Company may be required to satisfy the liabilities. The table had been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

	Less Than 1 Year	**3 Months - 1 Year**	**1-5 Years**	**5+ Years**
December 31, 2022				
Non-interest bearing	$ 2,682,617	$ -	$ -	$ -
Lease liabilities	13,250	38,087	121,514	499,773
Fixed interest rate liabilities	935,000	257,407	2,059,956	-
	$ 3,630,867	$ 295,494	$ 2,181,470	$ 499,773
December 31, 2021				
Non-interest bearing	$ 2,479,374	$ -	$ -	$ -
Lease liabilities	8,873	26,619	72,092	504,246
Fixed interest rate liabilities	2,509,818	297,359	3,004,697	-
	$ 4,998,065	$ 323,978	$ 3,076,789	$ 504,246

Further information on the maturity analysis of the lease financial liabilities was as follows:

	Less than 5 Year	**5-10 Years**	**11-15 Years**	**16-20 Years**	**20+ Years**
December 31, 2022					
Lease liabilities	$ 172,851	$ 71,639	$ 63,427	$ 63,427	$ 301,280
December 31, 2021					
Lease liabilities	$ 107,584	$ 63,427	$ 63,427	$ 63,427	$ 313,965

e. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

December 31, 2021

Counterparty	**Receivables Factoring Proceeds**	**Amount Reclassified to Other Receivables**	**Advances Received - Unused**	**Advances Received -Used**	**Annual Interest Rates on Advances Received (Used) (%)**
CTBC Bank Co., Ltd.	$ 167,770	$ 17,062	$ 942,697	$ 150,708	2.23

Pursuant to the Company's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Company, while losses from credit risk are borne by the banks.

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of significant transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party	**Relationship with the Company**
SSI	Subsidiary
SSZ	Subsidiary
SSA	Subsidiary
SAC	Subsidiary
Huang, Bi Hua	Second-degree relationship of the key management

b. Sales revenue

	For the Year Ended December 31	
	2022	**2021**
Subsidiary		
SSA	$ 74,985	$ 132,185
SSZ	4,724	22,556
Other related parties	545	3,121
	$ 80,254	$ 157,862

c. Purchases

	For the Year Ended December 31	
	2022	**2021**
Subsidiary		
SSI	$ 1,964,350	$ 2,094,294
SSZ	1,781,871	2,358,328
	$ 3,746,221	$ 4,452,622

d. Receivables from related parties

	For the Year Ended December 31	
	2022	2021
Subsidiary		
Others	$ 1,835	$ 22,056

e. Payables from related parties

		December 31	
Line Item	**Related Party Name**	**2022**	**2021**
Trade payables	Subsidiary		
	SSI	$ 1,284,682	$ 972,511
	SSZ	951,228	925,125
		$ 2,235,910	$ 1,897,636
Other payables	Subsidiary		
	Others	$ 970	$ 1,003
Payables for equipment	Subsidiary		
	SAC	$ -	$ 17,429

f. Prepayments

	For the Year Ended December 31	
	2022	2021
Subsidiary		
SAC	$ 13,556	$ 21,492

g. Acquisition of propery, plant and equipment

	For the Year Ended December 31	
	2022	2021
Subsidiary		
SAC	$ 40,627	$ 956
SSZ	-	1,082
SSI	-	102
	$ 40,627	$ 2,140

h. Lease arrangements

The Company leased the plant from the second-degree relationship of the key management. The lease period was from March 2018 to March 2023.

		December 31	
Line Item	**Related Party Name**	**2022**	**2021**
Lease liability	Huang, Bi Hua	$ 554	$ 2,753

Related Party Name	**2022**	**2021**
Interest expense		
Huang, Bi Hua	$ 19	$ 45

i. Other transactions

Line Item	Related Party Name	December 31	
		2022	2021
Operating expense	Subsidiary/Other	$ 27,176	$ 25,466
Rent income	Subsidiary/Other	1,200	1,200
Other income	Subsidiary/Other	217	2,282
Manufacturing expense	Subsidiary/Other	255	-

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 59,292	$ 66,356
Post-employment benefits	2,597	2,536
	$ 61,879	$ 68,892

The remuneration of directors and other key executives is based on relevant internal management methods, and the performance of the management is also considered. After deliberation by the remuneration committee, it is submitted to the board of directors.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been offered as collateral for deposits and bank loan facilities for use of electronics, leases and investments:

	December 31	
	2022	2021
Pledged deposits (classified as other financial assets-non-current)	$ 53,299	$ 13,610
Property, plant and equipment	1,529,607	1,565,340
	$ 1,582,906	$ 1,578,950

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The unrecognized commitments of the Group are as follow:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	$ 4,014	$ 17,522

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

	December 31, 2022			December 31, 2021		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets						
Monetary items						
USD (USD:NTD)	$ 57,108	30.71	$1,753,795	$ 118,549	27.68	$3,281,448
RMB (RMB:NTD)	122,593	4.408	540,391	102,158	4.344	443,773
Investment using equity method						
USD (USD:NTD)	149,641	30.71	4,595,486	151,911	27.68	4,204,892
Financial liabilities						
Monetary items						
USD (USD:NTD)	76,459	30.71	2,348,062	105,296	27.68	2,914,601
RMB (RMB:NTD)	681	4.408	3,000	946	4.344	4,109

The significant (realized and unrealized) foreign exchange gains (losses) are as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.805 (USD:NTD)	$ 37,332	28.009 (NTD:NTD)	$ 47,054
RMB	4.422 (RMB:NTD)	13,414	4.341 (RMB:NTD)	5,591

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investments in subsidiaries). (None)

4) Marketable securities acquired or disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (Table 2)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Note 7)

10) Other: intercompany relationships and significant intercompany transactions. (Table 5)

11) Information on investees. (Table 6)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 3)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Tables 3)

c) The amount of property transactions and the amount of the resultant gains or losses. (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)

e) The highest balance, the end of year balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 3)	Interest Rate	Nature of Financing (Note 1)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	SSI	The Corporation	Other receivables from related parties	Yes	$ 344,699	$ -	$ -	-	2	$ -	Operation turnover	$ -	-	$ -	$ 2,127,809 USD 72,911 (Note 2)	$ 2,127,809 USD 72,911 (Note 2)
2	SSZ	The Corporation	Other receivables from related parties	Yes	164,711	-	-	-	2	-	Operation turnover	-	-	-	1,935,023 USD 66,305 (Note 2)	1,935,023 USD 66,305 (Note 2)

Note 1: The nature of financing is numbered as follows:

1. A company that has business dealings with the lender.

2. A company with short-term financing needs.

Note 2: For those who need capital loans due to business transactions, the loan amount shall not exceed the amount of business transactions between the two parties. Fund loans required for short-term financing shall not exceed 40% of the net value of the lending company, provided that the target of the fund loan is the parent company or parent company in the Republic of China that directly and indirectly holds 100% of the voting shares of the company For companies outside the Republic of China that directly and indirectly hold 100% of the voting shares, the limit shall not exceed 100% of the net value of the company that lent funds.

Note 3: Significant intercompany accounts and transactions have been eliminated.

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
The Corporation	Office Premises, City Plaza, Xitun District, Taichung City	2022.5.27	2011.5.10	$ 486,177	$ 607,162 (Note 1)	All received	$ 93,176	Taiwan Life Insurance Co., Ltd.	Not related	Repayment of bank loans and flexible use of funds	Note 2	Note 3

Note 1: Contract amount, excluding the agency fee and appraisal fee paid at the time of disposition.

Note 2: The valuation report of the subject matter issued by CCIS Real Estate Joint Appraisers Firm, according to the appraisal value of the land and building of $247,017 thousand and $316,818 thousand respectively according to the survey and appraisal; the case was approved by the board of directors on May 27, 2022.

Note 3: The company leases the subject matter from the buyer for a period of 6 years from the date of completion of the transfer of the subject matter of the sale.

TABLE 3

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount (Note)	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% to Total	
The Corporation	SSI	See Note 10 from financial statements.	Purchase	$ 1,964,350	34	-	$ -	-	$ (1,284,682)	52	
	SSZ	See Note 10 from financial statements.	Purchase	1,781,871	31	-	-	-	(951,228)	38	

Note: Significant intercompany accounts and transactions have been eliminated.

TABLE 4

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note)			Turnover Rate (Times)	Overdue		Amounts Received in Subsequent Period		Allowance for Impairment Loss
							Amount	Actions Taken			
SSI	The Corporation	See Note 10 from financial statements.	Trade receivables	USD	41,833	1.70	$ -	-	USD	6,543	$ -
SSZ	The Corporation	See Note 10 from financial statements.	Trade receivables	USD	30,975	1.86	-	-	USD	6,054	-

TABLE 5

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
	Stock										
The Corporation	SSH	Samoa	International investment	$ 1,404,738	$ 1,404,738	38,232,000	100	$ 4,082,893	$ 9,649	$ 252,678	Subsidiary
	SAC	Taichung City	Installment and selling of automatic control equipment	66,500	66,500	6,650,000	95	25,459	1,271	(1,179)	Subsidiary
	SSA	State of Delaware, USA	Production and sales of sanitation, construction equipment, metal molds, hardware parts and copper pipe fitting, etc.	500,748	500,748	1,715	100	512,593	938	28,255	Subsidiary
SSH	GFI	Cayman Islands	Production and sales of sanitation, construction equipment, metal molds, hardware parts and copper pipe fitting, etc.	USD 10,624	USD 10,624	8,900,000	100	USD 70,051	USD 5,254	(Note)	Sub-Subsidiary
	SIC	Samoa	Production and sales of sanitation, construction equipment, metal molds, hardware parts and copper pipe fitting, etc.	USD 23,632	USD 23,632	23,631,516	100	USD 64,663	USD 4,395	(Note)	Sub-Subsidiary

Note : Exempted from disclosure in accordance with regulations.

TABLE 6

SUNSPRING METAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
SSI	Production and sales of sanitation, construction equipment, metal molds, hardware parts, etc.	$ 878,530 (RMB 225,870) (USD 29,650)	(Note 3)	$ 792,610 (USD 23,964)	$ -	$ -	$ 792,610 (USD 23,964)	$ 157,035 (RMB 35,959)	100	$ 157,035 (USD 5,254)	$ 2,136,133 (USD 69,558)	$ -
SSZ	Production and sales of sanitation, construction equipment, metal molds, hardware parts, etc.	$ 807,418 (RMB 214,124) (USD 27,250)	(Note 4)	689,805 (USD 21,512)	-	-	689,805 (USD 21,512)	131,356 (RMB 30,185)	100	131,356 (USD 4,395)	1,958,503 (USD 63,774)	-

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 1,482,415 (USD 45,476)	$ 2,012,767 (USD 62,140)	(Note 2)

Note 1: Investment profit or loss are recognized based on the financial statements audited by the accountants of the parent company in Taiwan.

Note 2: In accordance with the "Principles for the Review of Investment or Technical Cooperation in the Mainland Area" issued by the Investment Review Commission on August 29, 2008, the consolidated company obtained the certificate of the scope of operations of the operating headquarters approved by the Industrial Bureau of the Ministry of Economic Affairs, and there is no upper limit on the amount of investment in the mainland area.

Note 3: Reinvest in mainland companies through third-region investment establishment companies (GFI).

Note 4: Reinvest in mainland companies through third-region investment establishment companies (SIC).

TABLE 7

SUNSPRING METAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership
Yang, Ching Chi	43,113,438	21.55%
He Yi Co., Ltd.	24,267,957	12.13%
SUCCESS VICTORY INVESTMENT INC.	12,924,505	6.46%
Yang, Cheng Fa	11,135,000	5.56%

Note 1: The information on major shareholders disclosed in the table above was calculated by the Taiwan Depository & Clearing Corporation based on the number of ordinary and preference shares held by shareholders with ownership of 5% or greater, that had completed dematerialized registration and delivery (including treasury shares) as of the last business day of the current quarter. The share capital recorded in the Corporation’s consolidated financial statements may differ from the number of shares that have completed dematerialized registration and delivery due to differences in the basis of preparation.

Note 2: If the above information is related to shareholders who have delivered their shares held to a trust, the information is separately disclosed by each trustor's account opened by the trustee. As for the declaration of insider shareholdings exceeding 10% in accordance with the securities and exchange act, the shareholdings include the shares held by the shareholder as well as those that have been delivered to the trust and for which the shareholder has the right to determine the use of trust property. For information on the declaration of insider shareholdings, refer to the Market Observation Post System website of the TWSE.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

Seven. Review and analysis of financial position and financial performance and risk

I. Financial position

(I) Main reasons for any material change in the company's assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof:

Unit: NT$ thousand

Year / Item	December 31, 2022	December 31, 2021	Difference	
			Amount	%
Current assets	5,291,232	6,451,166	(1,159,934)	(18)
Property, plant and equipment	5,990,925	6,896,953	(906,028)	(13)
Intangible assets	78,588	79,890	(1,302)	(2)
Other assets	902,533	831,939	70,594	8
Total assets	12,263,278	14,259,948	(1,996,670)	(14)
Current liabilities	2,171,034	4,111,995	(1,940,961)	(47)
Non-current liabilities	2,796,607	3,607,957	(811,350)	(22)
Total liabilities	4,967,641	7,719,952	(2,752,311)	(36)
Equity attributable to owners of the parent company	7,293,341	6,537,983	755,358	12
Share capital	1,999,942	1,999,942	0	0
Capital surplus	1,911,126	1,911,126	0	0
Retained earnings	3,652,735	3,006,998	645,737	21
Other equity	(270,462)	(380,083)	109,621	29
Treasury shares	0	0	0	0
Non-controlling interests	2,296	2,013	283	14
Total equity	7,295,637	6,539,996	755,641	12

Details of the movement in an amount reaching 10% and 1% of the year's total assets:

- Decrease in current assets: Mainly due to a decrease in accounts receivable as a result of a decrease in this year's revenue.
- Decrease in property, plant and equipment: Mainly due to the disposal of the office of the City Center Plaza this year.
- Decrease in current liabilities: Mainly due to the repayment of short-term bank loans this year.
- Decrease in non-current liabilities: Mainly due to the repayment of long-term bank loans this year.
- Increase in retained earnings: Mainly due to an increase in this year's profit.

(II) Measures to be taken in response:

The Company has continued to focus on improving operational performance and steady growth in profitability, as well as improving the Company's financial structure and reducing financial burdens.

II. Financial performance analysis

(I) Main reasons for any material change in operating revenues, operating income, or income before tax during the past 2 fiscal years, provide a sales volume forecast and the basis therefor:

Unit: NT$ thousand

Year Item	2022	2021	Amount increase (or decrease)	Percentage change %
Operating revenues, net	8,236,787	9,637,943	(1,401,156)	(15)
Gross profit	1,363,076	1,382,536	(19,460)	(1)
Operating expense	660,799	822,846	(162,047)	(20)
Operating income	702,277	559,690	142,587	25
Non-operating income and expenses	253,839	(27,591)	281,430	1,020
Profit before income tax	956,116	532,099	424,017	80
Income tax	218,987	96,270	122,717	127
Net income for the period	737,129	435,829	301,300	69

Details of the movement in an amount reaching 10% and 1% of the year's total assets:

•Decrease in operating revenue: Mainly due to the gradual relaxation of the COVID-19 control measures this year, port congestion ease, and weaker end consumer demand due to inflation and interest rate hikes in the United States, and the reduction of purchases by clients to reduce inventory.

• Decrease in operating expenses: Mainly due to a decrease in air freight (export) expenses this year.

•Increase in non-operating income: Mainly due to the exchange gains from the depreciation of CNY against USD this year as well as the gain on the disposal of the office of the City Center Plaza.

•Increase in net income before tax, income tax, and current net profit: Mainly due to an increase in this year's profit.

(II) Expected sales volume in the coming year and its basis:

Unit: thousand pieces

Main product	Sales volume
Faucet parts	43,241
Faucet assemblies	2,468
Others	3,906
Total	49,615

The above forecast is based on the sales figures in 2022, the projected growth of new products being developed in 2023, and customer forecasts.

(III) Potential impact on the Company’s future financial operations and plans for response: None.

III. Cash flow analysis

(I) Analysis of changes in cash flows for the most recent year:

Year / Item	2022	2021	Increase (or decrease) (%)
Cash flow ratio (%)	113.04	(25.79)	538
Net cash flow adequacy ratio (%)	97.51	19.49	400
Cash reinvestment ratio (%)	14.78	(6.95)	313
Details of movements: All ratios increased mainly due to the recovery of overdue accounts receivable from clients this year, leading to net cash inflow from operating activities and repayment of bank loans.			

(II) Improvement plans for the insufficient liquidity:

The Company's cash flow for 2022 was sufficient and there was no insufficient liquidity.

(III) Cash flow analysis for the coming year (2023):

Unit: NT$ thousand

Cash at Beginning of Year	Net cash flow from operating activities for the year	Net cash outflow for the year	Cash surplus (shortfall) amount ＋ －	Remedial Measures for Cash Inadequacy	
				Investment plan	Financing plan
727,649	1,370,332	(1,318,019)	779,962	Not applicable	Not applicable

Analysis of cash flow changes:

1. Operating activities: Continuous business expansion and active recovery of accounts receivable led to net cash inflows from operating activities.
2. Financing activities: It is planned to repay bank loans with cash inflows from operating activities, leading to net cash outflows from financing activities.

Remedial measures for cash flow deficit and liquidity analysis: N/A.

IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year

The Company has established the Zhongke plant in Taiwan to meet the future expansion needs for its operations. The plant is primarily for the production of zinc die-casting faucet components and assemblies, and is equipped with automated equipment to respond to changes in the labor market structure and to enhance operational efficiency. This capital expenditure has caused an increase in operating costs including depreciation expenses and labor costs, and has had a negative impact on the Company's finances because the current production capacity has not reached economic scale.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment

plans for the coming year

(I) Reinvestment policy: Support the expansion of operation scale to ensure the production capacity and serve customers nearby.

(II) Profit or loss on reinvestment:

December 31, 2022 Unit: In thousand NT$ or foreign currencies

Investee enterprise	Investment Costs	Holding book value at the end of the year	Profit (loss) of the investee company for the year	Investment income (loss) recognized for the year
Sunspring Holding Corp. (SSH)	1,404,738	4,082,893	USD 9,649	252,678
SUNSPRING AUTOMATION CORPORATION (SAC)	66,500	25,459	1,271	(1,179)
Sunspring America Inc. (SSA)	500,748	512,593	USD 938	28,255
Golden Faith International Corp. (GFI)	USD 10,624	USD 70,051	USD 5,254	Not applicable
Sunspring International Corp. (SIC)	USD 23,632	USD 64,663	USD 4,395	Not applicable
SUNSPRING Industrial Ltd. (SSI)	USD 29,650	USD 69,558	RMB 35,959	Not applicable
SUNSPRING Metal (Zhuhai) Corporation (SSZ)	USD 27,250	USD 63,774	RMB 30,185	Not applicable

The Company recognizes investment income or loss based on the 2022 investees' financial statements audited by a certified public accountant.

(III) Investment plans for the coming year:

Due to the impact from the trade war between the U.S. and China, our customers' assembly plants in China are subject to tariff increase for importing their finished products to the U.S. Therefore, we set up a new production line in Taiwan for smart assembly line for water hardware finished products to satisfy our customers' demand to purchase from outside China.

VI. Risk analysis and assessment

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate

Unit: NT$ thousand

Item	2022
Net interest income and expense	(58,749)
Net exchange gain or loss	206,229
Ratio of net interest income and expenses to net operating revenues	(0.71)%
Ratio of net interest income and expense to net profit before tax	(6.14)%
Ratio of net exchange gain or loss to net operating revenues	2.50%
Ratio of net exchange gain or loss to net profit before tax	21.57%

(1) Interest rate change

At the end of 2022, the Company's financial assets and financial liabilities exposed to the interest rate risk were NT$745,768 thousand and NT$3,790,290 thousand, respectively. When the interest rate increased or decreased by 1%, with other conditions remain unchanged, the Company's net income before tax would have increased/decreased by NT$4,082 thousand.

(2) Exchange rate changes

The financial assets and liabilities held by the Company that are not denominated in the functional currency and translated at the exchange rate prevailing at the end of the period are mainly subject to the fluctuations in the exchange rates of the USD against CNY. When the exchange rate of the functional currency against the USD increased/decreased by 1%, the net income before tax would have increased/decreased by NT$16,505 thousand; when the exchange rate of the functional currency against CNY increased/decreased by 1%, the net income before tax would have increased/decreased by NT$5,374 thousand.

(3) Inflation

Taiwan's inflation rates over the last three years have moved between 1.97% and 2.95%. The Company purchased raw materials in China in the amount of about NT$379,122 thousand during 2022. An increase in inflation rate by 1% would have led to an increase in the production costs by about NT$3,791 thousand. Moreover, the inflation rates of Guangdong Province, China, in which the Company's production sites are located, have moved between 0.8% and 2.6% over the past three years. When the purchases of raw materials in China costed 393,063 thousand CNY and the inflation rate increased by 1%, the Company's investment income would have decreased by about NT$17,332 thousand.

2. Response measures to be taken in the future

(1) Response measures for interest rate fluctuations

In the future, the Company will evaluate the amount and cost from various funding sources to raise the required funds.

(2) Response measures for exchange rate fluctuations

The Company has set up a pass-through mechanism for exchange rate fluctuations with its major customers and will actively reduce its net position in U.S. dollars. Depending on the global economic trend, we will use options and forward contracts to hedge the risk of foreign currency fluctuations.

(3) Response measures for inflation

The Company's main production base is located in China. In recent years, the rapid economic development in China has led to inflation and a corresponding increase in raw material prices, which has had an adverse impact on the Company's production costs. The Company will continue to make process improvements to lower costs.

(II) The company’s policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. High-risk investments and highly leveraged investment: None.
2. Loans to other parties:

   When the Company loans funds to others, it shall be done in accordance with the Company’s “Procedures for Loaning Funds to Others” and shall be approved by the Board of Directors before proceeding. Currently, the Company does not loan funds to others. If a loan is made to a subordinate company, the amount of the loan shall not exceed the amount of business transactions between the two parties; if the loan is made for short-term financing, the amount of the loan shall not exceed 10% of the Company’s net worth. As of December 31, 2022, the Company is the recipient of loans of funds from its subsidiaries. The amount of the loan shall not exceed the amount of business transactions between the two parties; if the loan is made for short-term financing, the amount of the loan shall not exceed 100% of the loaned company’s net worth.
3. Endorsement and Guarantee

   All endorsements and guarantees are made in accordance with the Company’s “Regulations on Endorsements and Guarantees” and shall be approved by the Board of Directors before proceeding. The total amount of the Company’s external endorsement guarantee shall not exceed 50% of the Company’s net worth in its latest financial statements, and the amount of endorsement guarantee to a single enterprise shall not exceed 25% of the Company’s net worth in its latest financial statements. Currently, the Company has no endorsement or guarantee.

4. Derivatives transactions

   The Company engages in foreign exchange forward contracts in accordance with the Company’s “Procedures for Handling Derivative Transactions” and may only do so with the approval of the Board of Directors, and reports the implementation status to the Board of Directors on a regular basis.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The Company’s future research and development plans include the co-development of new models, new surface colors and continuous process improvements with overseas manufacturers to enhance the diversity of the Company’s products and to satisfy customers’ needs in one single purchase. Through the continuous development of new styles and colors, automated manufacturing processes, and the continuous introduction and improvement of new processes, the Company can continuously develop high value-added products to maintain the Company’s product competitiveness.

The Company anticipates that future research and development expenses will continue to exceed NT$50 million per year and will increase year on year depending on operating conditions.

(IV) Effect on the company’s financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company always pays attention to important domestic and foreign policy and legal changes and evaluates their impact on the Company. The increase in basic wages in China recently has led to an increase in operating costs. We have already established an automated process to reduce labor costs and coordinate with customers on a pass-through mechanism. Other than that, the important policies adopted and changes in the legal environment at home and abroad did not have any effect on the company's financial operations.

(V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

The Company is able to quickly catch up with industry dynamics through close strategic alliances with world-class manufacturers and its own R&D capabilities. The Company also pays attention to the changes in technology in the industry and assigns its staff to evaluate and study the impact of such changes on the Company's future development and financial operations and its response measures as appropriate. There were no significant changes in technology that had a material impact on the Company's financial operations in the most recent year.

The Company has established a comprehensive network and computer security management system to ensure that information security activities and services meet the needs of stakeholders and relevant laws and regulations applicable to the Company to avoid any impact or influence on the Company. The Company conducts risk assessment at least once a year, and from time to time evaluates new systems, major system changes or changes in the operating environment, and develops appropriate countermeasures to address the risk situation and the causes of the risk, and conducts risk reassessment after each risk improvement measure is completed to ensure the effectiveness of the relevant improvement measures. Up to now, the Company has no significant information security risk.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

The Company has been committed to maintaining its corporate image since its establishment and has complied with the laws and regulations. Up to now, there have been no incidents that would affect its corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: Not applicable.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: Not applicable.

The Company has established the Zhongke plant in Taiwan to meet the future expansion needs for its operations. The plant is primarily for the production of zinc die-casting faucet components and assemblies, and is equipped with automated equipment to respond to changes in the labor market structure and to enhance operational efficiency. This capital expenditure has caused an increase in operating costs including depreciation expenses and labor costs, and has had a negative impact on the Company's finances because the current production capacity has not reached economic scale.

At present, the plant in Central Taiwan Science Park is in the process of increasing its production capacity in order to accelerate its expansion benefits.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

The Company's main material is zinc ingot, which is mostly purchased from a manufacturer in Australia. This manufacturer has excellent product quality, reasonable prices and stable delivery, and has been a long-term supplier for the Company.

The Company's main customers are world-class manufacturers in Europe and the United States. We have established a very close relationship with them. The Company continues to stabilize its existing customers and actively develops new products and customers to diversify the risk of concentration of sales.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

(XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report:

(1) On May 7, 2018, the Company ordered the license to use the Company B's software from Company A. The total contract price was agreed to be $21,000 thousand, and the payment was made in six installments. The payment terms were that after delivery and acceptance of the aforementioned software, each installment was invoiced in accordance with the service contract signed between the Company and Company B. However, Company A claims that the license to use the aforementioned software was delivered to the Company before September 17, 2018, so the Company should pay in accordance with the payment schedule agreed by both parties. However, the Company stopped making payments after paying the first and second installments in the amount of $8,400 thousand to Company A, mainly because Company B had not completed the corresponding services, so there was no reason for the Company to make subsequent payments in accordance with the schedule of the service contract signed with Company B. The Company A requested the Company to pay the third to sixth installments in the amount of NT$12,600,000 on August 17, 2020, but was unsuccessful. Therefore, the Company A filed a civil lawsuit in the Taiwan Taichung District Court on December 14, 2020. The lawsuit is 2020 Chung Su Zi No. 730 in the amount of NT$12,600,000, and the Company has appointed an attorney to plead the facts and

law in favor of the Company. The case is currently under trial in the Taichung District Court.

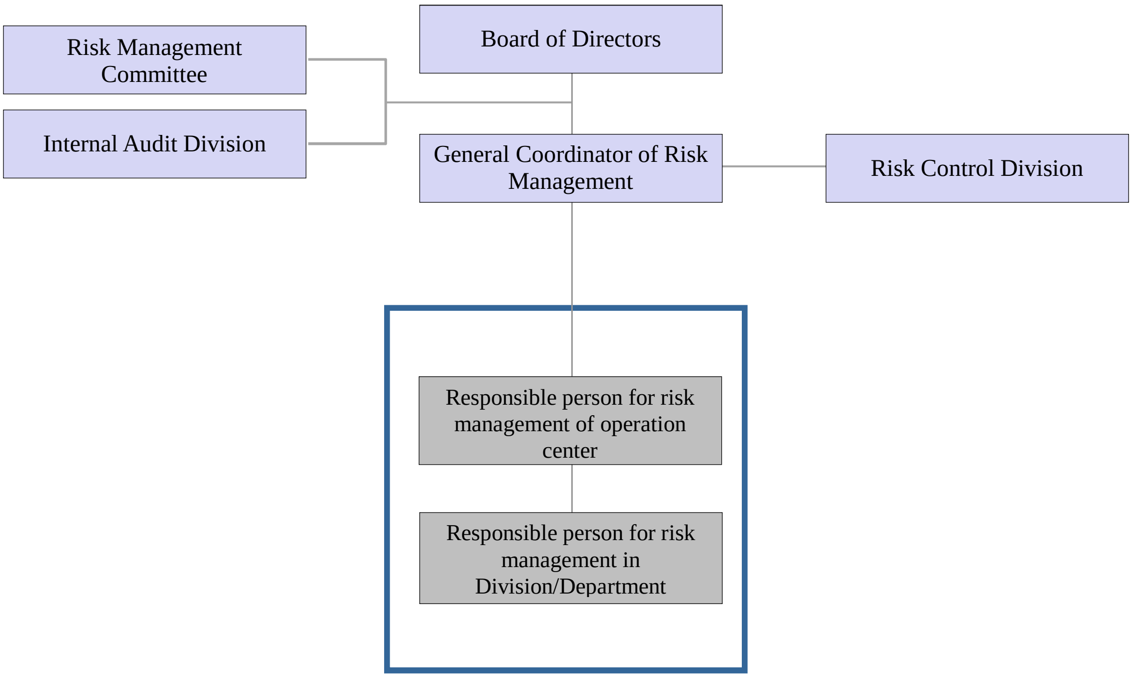
(2) On May 17, 2021, the Company filed a civil lawsuit in the Taiwan Taichung District Court for the payment. The complaint alleges, “On February 28, 2018, the two companies signed a ‘Professional Services Agreement’, which provides that Company B will build and introduce three projects to the Company. However, the Company wrote a letter in 2020 requesting Company B to suspend the project due to the COVID-19, and subsequently Company B wrote a letter requesting to continue the project. As of April 2021, the Company has not taken any action to continue the project, nor has it paid any fees for the project.” Therefore, Company B sued the Company seeking the payment of $10,488,747 plus interest. The Company has also appointed an attorney to argue the case with regard to the facts which he/she alleges in favor and with regard to the law, and the case is currently under trial in the Taiwan Taichung District Court.

(3) Although the Company has litigation as mentioned above, the amount involved in the above litigation cases is not material to the Company based on the Company’s capital and scale of operations, and therefore it does not have a significant impact on the Company’s finance and business.

(XIII) Other important risks, and mitigation measures being or to be taken: None.

(XIV) Risk management organization structure:

The Company’s risk management organization structure is as follows:



Name of Organization	Scope of Responsibilities
Board of Directors	1. Serve as the highest supervisory unit for risk management of SUNSPRING and its subsidiaries (hereinafter referred to as SSG) 2. Establish SSG risk management culture 3. Appoint board members to serve as members of the risk management committee 4. Approve and authorize the SSG Risk Management Committee’s responsibilities 5. Approve SSG risk management organization and “Regulations on Risk Management.”
Risk Management Committee	1. Oversee the effectiveness of the operations of risk management systems and mechanisms. 2. Review SSG risk management organization and “Regulations on Risk Management.” 3. Oversee the status and results for major risk-related issues or emergency risk events. 4. Review SSG risk management reports and provide guidance to management to ensure appropriate identification, assessment and response to risks. 5. Approve the resources required for risk management according to the approval authority. 6. Convene risk management committee meetings.

Name of Organization	Scope of Responsibilities
Internal Audit Division	1. Serve as an independent unit responsible for evaluating the effectiveness of the operations of risk management system and mechanism. 2. Report to the Risk Management Committee on the evaluation results on the effectiveness of the operations of the risk management system and mechanism. 3. Understand the results of SSG risk assessment, formulate annual risk-based audit plan, and perform periodic or occasional internal audits.
General Coordinator of Risk Management	1. Serves as the chief risk management officer of SSG and has the ultimate responsibility for overall risk management. 2. Ensure the consistency of corporate objectives, strategies and tolerable levels of risk. 3. Establish a risk management organization and assign responsible personnel. 4. Lead executives to guide the development of an enterprise risk management philosophy and culture. 5. Provide the necessary resources to establish, implement and maintain a risk management system. 6. Approve, announce, oversee and maintain risk management methods 7. Approve the SSG's risk management report and report the risk management implementation results to the Risk Management Committee. 8. Chair risk management meetings to ensure the implementation for risk management. 9. Chair emergency response meetings, approve emergency response plans and resources needed, oversee the progress and situation of the incident, host post-event review meetings and approve permanent countermeasures.
Risk Control Division	The Risk Control Division is the support for the General Coordinator of Risk Management and is responsible for promoting and handling the matters assigned by the General Coordinator of Risk Management. 1. Responsible for designing, establishing, promoting, coordinating and maintaining the risk management system, which includes formulating and amending "Regulations on Risk Management." 2. Review the "Risk Management Policy" for each organization. 3. Formulate and implement annual risk management plan. 4. Compile and prepare SSG's risk management report. 5. Coordinate SSG risk management meetings and report the risk management results and promotion to the general coordinator. 6. Track the progress and results of the risk response plan. 7. Promote "Regulations on Risk Management" and organize related education and training courses. 8. Collect risk indicators and manage their changes, and report to the general coordinator of risk management. 9. Collect, evaluate, compile and report external risk information.

Name of Organization	Scope of Responsibilities
	10. Build risk management knowledge database. 11. Provide necessary support to SSG operation centers/divisions/departments to perform risk management. 12. Responsible for calling the relevant units to set up an “Emergency Response Team” when the emergency risk level reaches a level that needs to activate the “emergency response” mechanism, including convening emergency response meetings, coordinating emergency response operations, managing the progress and results of the incident, and convening post-event review meetings.
Responsible person for risk management in each center	1. Serve as the general manager of risk management in the operation center. 2. Oversee and ensure that risk management systems within the Operations Center are properly operated. 3. Ensure that risks within the operations center are properly identified, assessed and addressed. 4. Assign responsible personnel to promote and implement risk management related activities. 5. Prepare risk management reports for the operation center and submit the reports to the Risk Control Division. 6. Review and approve risk management reports for each division/department within the Operations Center. 7. Convene risk management meetings within the operation center and oversee the implementation results of risk management. 8. Participate in SSG risk management meetings and report on the implementation results of risk management in the Operation Center. 9. Obtain resources for risk response and action plans. 10. Provide feedback on the improvement of risk management system and make proposals for improvement to the Risk Control Division. 11. Collect, evaluate, compile and report external risk information within the scope of business. 12. Plan and implement risk management education and training in the Operation Center. 13. Provide consultation service for risk management issues in the Operation Center. 14. Responsible for making decisions on emergency response within the scope of responsibility.
Responsible person of risk management each division/department	1. Serve as responsible person for risk management in Division/Department. 2. Ensure that the risk management system within the Division/Department is operating properly. 3. Perform risk identification and risk assessment within the scope of responsibility. 4. Formulate and implement risk response strategies and action plans. 5. Assign responsible personnel to promote and implement risk management related activities in Divisions/Departments. 6. Compile risk management reports within the Division/Department

Name of Organization	Scope of Responsibilities
	and submit the reports to the responsible person for risk management of operation center. 7. Participate in risk management meetings in the operating center and report on the implementation results of risk management. 8. Provide resources for risk response and action plan to the responsible person for risk management of the operation center. 9. Provide feedback on the risk management system improvement and suggestions to the responsible person for risk management of the operation center. 10. Collect, evaluate, compile and report external risk information within the scope of business. 11. Plan and implement risk management education and training in the Divisions/Departments. 12. Notify the responsible person for risk management and risk control in the operation center on emergencies within the scope of responsibility, and conduct emergency response.

The service functions at the operating headquarter, the China Production Center and the North American Operation Center are as follows:

1. Internal Audit Division: Develop and implement a risk-based annual internal audit plan to assist the board of directors and managers in examining and reviewing the deficiencies of the internal control system and measuring the effectiveness and efficiency of operations to ensure that the internal control system is continuously and effectively implemented.
2. Financial management functions:
   (1) Responsible for establishing the management reporting system of each operation organization, analyzing the operational performance and assisting in tracking and improving the implementation status of the Group’s strategies in order to reduce financial risks.
   (2) To be responsible for assessing and reviewing the reinvestment, overseeing and managing the reinvestment business in order to reduce the risks of reinvestment.
   (3) To be responsible for arranging and utilizing financial resources, and to establish a hedging mechanism to reduce financial risks by emphasizing safety, liquidity and profitability under a risk control and monitoring mechanism.
   (4) To build an efficient and high-quality financial platform, provide transparent and reliable financial information, operational analysis and improvement plans, and to reduce corporate risks through strict control, appropriate tax planning and credit risk control.
   (5) To be responsible for public affairs risk management, to comply with the Securities and Exchange Act and the Company’s relevant regulations, and to promote the Company’s relationship with relevant government departments, non-profit organizations, the media and various stakeholders in order to reduce the risk of disputes and disruptions that may arise in promoting the Company’s business.
   (6) To manage legal affairs, coordinate the review of contracts and handle contractual and litigation disputes in order to reduce legal risks.
   (7) To promote and enhance the company’s image, and disclose material information

to avoid operational risks caused by corporate image.

3. Customer service management function: Be responsible for the analysis of competitive dynamics and sales trend, prepare new product development and product engineering and quality improvement, create market to reduce business operation risk, maintain and enhance customer relationship through perfect customer service operation, meet customer needs and achieve customer satisfaction with the target service model to reduce business operation risk.
4. Information Service Function: To plan and improve the information technology software, hardware and equipment, and various application-level resources, to coordinate and utilize them safely and effectively, to evaluate and formulate various optimal e-business strategies, information technology SOPs, and information security strategies, to improve overall corporate efficiency and reduce information technology investment risks; and to lead the professional technical team to coordinate the "Information Service Function" with professional skills and experience, to build new and innovative information technology knowledge and skills, and to improve the professional skills, knowledge and efficiency of the "Information Service Function" to reduce information security risks.
5. HR service functions:
   (1) Responsible for safety and health supervision and management, following labor safety regulations to reduce the risk of accidents.
   (2) Responsible for HR system and HR utilization planning to enhance employment efficiency and promote labor–management harmony in order to reduce the risk of HR management.
   (3) Responsible for planning and running the administration, general affairs and asset activation in order to promote the efficiency of administrative operations and enhance the asset value, thereby reducing the risks associated with administration and asset management.
   (4) Coordinate with various operating organizations to comply with governmental laws and regulations in order to reduce the risks for violating law.
6. Procurement management function: Responsible for the planning, construction and management of procurement operations to enhance the efficiency of procurement and reduce the risk of procurement management.
7. Production R&D Center: Through the establishment of the R&D Center, we conduct R&D innovation in process, technology, and products to provide customers with high quality, diversified, and the best products that meet their needs, and to ensure that the technology under R&D does not infringe on others' patents. In addition, we control the production operation and assign orders to balance between production and sales in order to reduce the risk of out-of-stock production.
8. China Production Center: Responsible for the development and implementation of the Group's production strategy in China, contingency measures for production operations, production response plans, HR allocation plans, and on-site environmental safety response plans.
9. North American Operations Center: Responsible for implementing customer-specific production and sales plans and warehousing logistics operations in North America, collecting and creating market information, coordinating production and sales response, establishing and handling customer relationships, and tracking and collecting accounts receivable.

VII. Other important matters

(I) Disclose industry-specific Key Performance Indicator (KPI)

We are an OEM manufacturer for bathroom equipment parts. We expect to be “the most reliable strategic partner for our customers by providing excellent customer service, and superior product quality with lower total cost from the beginning to the end.” Therefore, the following key indicators are the key parameters that affect our performance:

1. Customer service satisfaction:

   The rapid development of new products, accurate product delivery and excellent quality allow customers to assemble their production lines smoothly, improve their production efficiency and reduce their total costs. The overall evaluation for the Company’s 2022 customer service satisfaction rating is over 90%.

2. Product yield rate:

   The product yield rate of the Company’s products has a significant impact on the production cost and is closely related to the on-time delivery rate, which is an important indicator of the Company’s performance because the production process is very complicated. The Company’s FY 2022 post-plating yield rate and full process yield rate for zinc products were 87.2% and 84.8%, respectively; the post-plating yield rate and full process yield rate for brass products were 99.0% and 96.0%, respectively.

(II) Disclosure of the evaluation basis and bases for the presentation of asset and liability evaluation accounts:

1. The basis for assessing expected credit losses: The Company recognizes the loss allowance for accounts receivable on the basis of lifetime expected credit losses, which are the weighted average credit losses with the probability of default as the weight. The Company determines that a default on an account receivable has occurred in the following events:
   (1) There is internal or external information indicates that the customer is unlikely to pay for the goods.
   (2) More than 90 days past due, unless there is reasonable and supportable information indicating that a delayed basis of default is more appropriate.
2. The basis for assessing the allowance for losses on decline in value of inventories:
   (1) Inventories are stated at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for inventories in the same category.
   (2) The following is the rate of allowance for the Company’s obsolete inventories:

Product	Item	1 – 90 days	91 – 180 days	181 – 270 days	271 – 365 days	1 – 1.5 years	1.5 – 2 years	2 years and above
Parts and Components	Inventory	0%	10%	50%	70%	100%	100%	100%
	Production tools	0%	10%	50%	70%	100%	100%	100%
	Low-value consumables	0%	10%	50%	70%	100%	100%	100%
Assembly parts Components	parts for structure	0%	0%	0%	10%	30%	50%	100%
	parts for appearance	0%	0%	10%	30%	50%	100%	100%
	Assembly	0%	10%	50%	70%	100%	100%	100%

	Packing materials	0%	10%	50%	70%	100%	100%	100%
	Low-value consumables	0%	10%	50%	70%	100%	100%	100%

(III) Disclosure of the objectives and methods of applying hedge accounting:

The Company engaged in the forward exchange agreements in fiscal 2022 and has not adopted hedge accounting; therefore, it is not applicable.

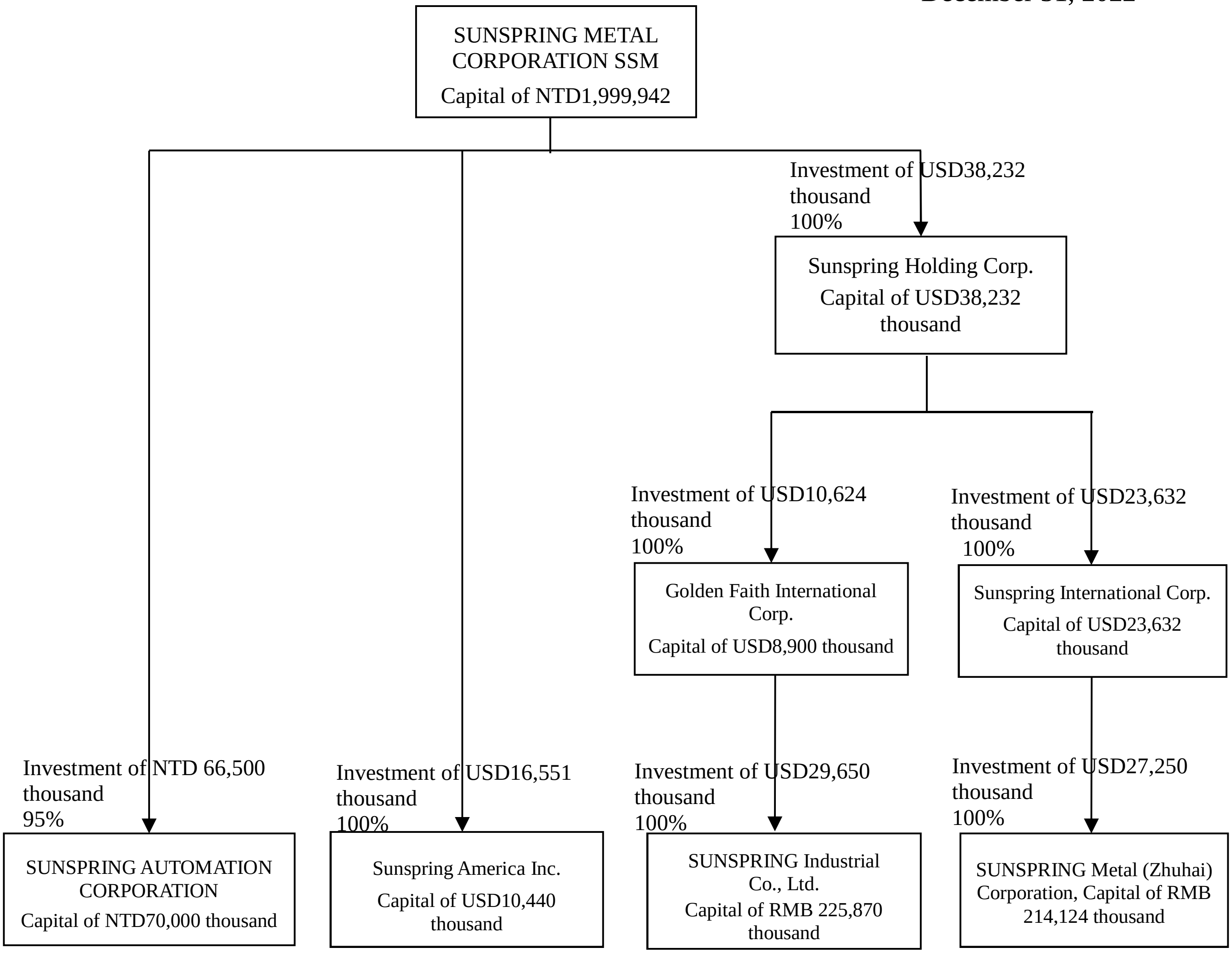
Eight. Special items to be included

I. Information related to the company's affiliates

(I) Consolidated business report of the Company's affiliates:

1. Overview of Affiliates: Organization Chart of Affiliates

December 31, 2022



2. Basic information on the company's affiliates:

Unit: In thousand NT$ or foreign currencies

Name of the affiliate	Date of incorporation	Address	Paid-in capital	Main businesses
Sunspring Holding Corp. (hereinafter referred to as SSH)	October 20, 2003	P.O. Box 1225,Apia,Samoa	USD 38,232	International investment
SUNSPRING AUTOMATION CORPORATION (hereinafter referred to as SAC)	July 29, 2015	No. 11, Keya Rd., Daya Dist., Taichung City	NTD 70,000	Installation and sale of automatic control equipment
Golden Faith International Corp. (hereinafter referred to as GFI)	April 29, 1997	Marquee Place, Suite300, 430 West Bay Road, Grand Cayman KY1-1208, Cayman Islands	USD 8,900	International investment and sale of construction supplies and production equipment
Sunspring International Corp. (hereinafter referred to as SIC)	October 20, 2003	P.O. Box 1225,Apia,Samoa	USD 23,632	International investment and sale of construction supplies and production equipment
SUNSPRING Industrial Ltd. (hereinafter referred to as SSI)	June 26, 1997	No. 48, Yingbin Avenue, Zhaoqing Hi-Tech Industrial Development Zone, Guangdong Province, China	RMB 225,870	Manufacture and sales of sanitary and construction equipment, metal molds and hardware parts, etc.
SUNSPRING Metal (Zhuhai) Corporation (hereinafter referred to as SSZ)	November 14, 2003	Sanzao Technology Industrial Park, High-tech Zone, Zhuhai City, Guangdong Province, China	RMB 214,124	Manufacture and sales of sanitary and construction equipment, metal molds and hardware parts, etc.
Sunspring America Inc. (hereinafter referred to as SSA)	December 14, 1987	1105 Fifth Street, Henderson, Kentucky 42420 U.S.A.	USD 10,440	Manufacture and sale of construction equipment

3. For those who are considered to have control and subordination, information on the same shareholders: None.
4. The scope of business of the Group's affiliated companies covers the following industries:

(1) The scope of business:
    - A. Manufacture of Metal Structure and Architectural Components.
    - B. Valves Manufacturing.
    - C. Lock Manufacturing.
    - D. Surface Treatments.
    - E. Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
    - F. Wholesale of Hardware.
    - G. Wholesale of Molds.
    - H. Mold and Die Manufacturing.
    - I. Wholesale of Machinery.
    - J. International Trade.

(2) SSH: International Investment.

(3) SAC: Installation and sale of automatic control equipment.

(4) GFI: International investment and sale of construction supplies and production equipment.

(5) SIC: International investment and sale of construction supplies and production equipment.

(6) SSI: Manufacture and sales of sanitary and construction equipment, metal molds and hardware parts, etc.

(7) SSZ: Manufacture and sales of sanitary and construction equipment, metal molds and hardware parts, etc.

(8) SSA: Manufacture and sale of construction equipment

Based on the Group’s strategy for R&D, distribution and production bases, the Company is mainly responsible for R&D, order taking, key raw material procurement, production and financial scheduling; SSI and SSZ are responsible for production; SSA is the Company’s production and distribution base in North America; and SAC is responsible for automation equipment development and maintenance.

5. The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate:

December 31, 2022

Name of the affiliate	Job Title	Name or Representative	Shares held	
			No. of shares (amount of capital contribution)	Shareholding ratio (ratio of capital contribution)
SSH	Director	Ching-Chi Yang	0 38,232,000 shares held by the Company	0 100%
SAC	Director	SUNSPRING METAL CORPORATION/Ching-Chi Yang	0	0
	Director	SUNSPRING METAL CORPORATION/Chin-Chung Chiang	0	0
	Director	SUNSPRING METAL CORPORATION/Hsi-Feng Ting	0	0

Name of the affiliate	Job Title	Name or Representative	Shares held	
			No. of shares (amount of capital contribution)	Shareholding ratio (ratio of capital contribution)
	Director Supervisor	A-TECH SYSTEM CO., LTD./Hung-Chih Yang Yung-Fu Wu	0 0 6,650,000 shares held by the Company	0 0 95%
GFI	Director	Shu-Chuan Yang	0 8,900,000 shares held by SSH	0 100%
SIC	Director	Shu-Chuan Yang	0 23,631,516 shares held by SSH	0 100%
SSI	Executive Director President Supervisor	Ching-Chi Yang Shen Shih Yung-Fu Wu	0 0 0 The capital contribution of GFI is USD 29,650 thousand.	0 0 0 100%
SSZ	Executive Director President Supervisor	Ching-Chi Yang Shen Shih Yung-Fu Wu	0 0 0 The capital contribution of SIC is USD 27,250 thousand.	0 0 0 100%
SSA	Chairman Director Director and President	Ching-Chi Yang Shu-Chuan Yang Ken Slusher	0 0 0 1,715 shares held by the Company	0 0 0 100%

6. Operating overview of affiliates

Unit: NT$ thousand/Earnings per share in NT$; December 31, 2022

Name of the affiliate	Paid-in capital	Total assets	Total liabilities	per share	Operating revenues, net	Operating income, net (loss)	Income for the period (net of tax) (loss)	Earnings per share
SUNSPRING METAL Co., Ltd.	1,999,942	13,968,961	6,675,620	7,293,341	7,219,302	489,091	736,846	3.68
SSH	1,174,105	4,137,250	0	4,137,250	0	0	284,631	7.15
SAC	70,000	63,507	22,384	41,123	40,627	1,267	1,271	0.18
GFI	273,319	2,138,749	0	2,138,749	0	0	154,993	17.41
SIC	725,724	1,962,136	891	1,961,246	0	0	129,637	5.49
SSI	995,952	2,368,258	235,785	2,132,473	2,128,762	122,130	159,304	Not applicable
SSZ	944,156	2,182,994	224,503	1,958,491	1,937,205	98,647	133,724	Not applicable
SSA	320,612	612,563	100,637	511,925	840,427	2,884	27,659	16,127.76

Note: Exchange rate (USD: NTD = 1: 30.71)
Exchange rate (RMB: NTD = 1: 4.4094)

(II) Consolidated financial statement of affiliates

Pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company's entities that shall be included in preparing the Consolidated Financial Statements of Affiliates and the

Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 recognized by the Financial Supervisory Commission are the same for the year 2022 (from January 1, 2022 to December 31, 2022). Moreover, the disclosure information required for the Consolidated Financial Statements of Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, the Consolidated Financial Statements of Affiliates will not be prepared

(III) Reports on Affiliations: None.

II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the company by the company’s subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

IV. Other matters that require additional description: None.

Nine. Matters that might materially affect shareholders' equity or the price of the company's securities

Situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, have occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

SUNSPRING METAL CORPORATION

Responsible Person: Ching-Chi Yang

Thank you for attending the shareholders' meeting!

Here's to a great future, and all the Best!