Stock Code: 1817

Sanitar Co., Ltd. and Its Subsidiaries

Consolidated Financial Statements and Accountant's Audit Report

2020 & 2019

(Translation Edition)

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Declaration of Consolidated Financial Statements of Affiliated Companies

The information of the companies that should be included when preparing the consolidated financial reports for the affiliated enterprises according to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and the companies that should be included when preparing the consolidated financial reports for the parent and subsidiary companies according to International Financial Reporting Standards No. 10 for the year ended December 31, 2020 (from Jan. 1, 2020 to Dec. 31, 2020) for our company are the same. The relevant information required to be disclosed on the consolidated financial reports of the affiliated company has been disclosed on the consolidated financial reports for the parent and subsidiary companies. Therefore, the consolidated financial reports won’t be prepared separately.

Company Name: Sanitar Co., Ltd.

Chairman: HSIAO, CHUN-XIANG

March 9, 2021

Accountant's Audit Report

To Sanitar Co., Ltd.:

Audit opinion

I have audited the financial statements of Sanitar Co., Ltd. and Its Subsidiaries, which comprise the Consolidated Statements of Financial Position as of Dec. 31, 2020 and Dec. 31, 2019, the Consolidated Statement of Comprehensive Income from Jan. 1 to Dec. 31, 2020 and from Jan. 1 to Dec. 31, 2019, Consolidated Statement of Change in Equity, Consolidated Statement of Cash Flows, and Consolidated Financial Statement Notes (including a summary of significant accounting policies).

In my opinion, the accompanying consolidated financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position of the Sanitar Co., Ltd. and Its Subsidiaries as of December 2020 and 2019 and of the financial performance, changes in equity and cash flows of Sanitar Co., Ltd. and Its Subsidiaries from January 1 to December 31, 2020 and 2019.

Basis for audit opinion

I conducted my audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. My responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. I am independent of Sanitar Co., Ltd. and Its Subsidiaries in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

The key auditing matter is which that, in my professional judgment, is most significant to my review of the Consolidated Financial Statements of Sanitar Co., Ltd. and Its Subsidiaries for 2020. Such matter has been considered in the process of examining the consolidated financial statements taken as a whole and forming an opinion thereon, and I do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Consolidated Financial Statements of Sanitar Co., Ltd. and Its Subsidiaries for 2020:

Key Audit Matter: Authenticity in Sales to Specific Customers

Due to the significant audit risk associated with the revenue recognition under auditing standards, Sanitar Co., Ltd. and Its Subsidiaries are mainly dealing with distributors and have added significant sales from specific non-distributor customers, therefore, based on the consideration of the materiality of the financial statements, the authenticity in sales revenue from specific customers with high order amounts and significant new sales in the current year is considered as a key audit matter. Please refer to Notes 4 (11) and 20 to the Parent Company Only Financial Statements.

In connection with the above key matter, I conducted the following principal audit procedures:

1. To understand, evaluate and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. To obtain a detailed sales breakdown from specific customers in fiscal 2020, verify the original orders, delivery notes, invoices and other related documents of the relevant transactions, and verify with the recorded amounts to confirm the authenticity of the revenues.

3. To obtain a breakdown of subsequent sales returns from specific customers, verify the related documents and examine the reasonableness of the returns.

Other Matters

Sanitar Co., Ltd. has prepared its Parent Company Only Financial Statements for the years ended December 31, 2020 and 2019, and I have provided my unqualified opinion on those statements for reference.

Responsibilities of management and directors for the consolidated financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs recognized and announced effectiveness by FSC, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

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

The responsibilities of the governing body (including supervisors) include overseeing the financial reporting process of Sanitar Co., Ltd. and Its Subsidiaries

Auditors' responsibilities for the audit of the consolidated financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these consolidated financial statements.

As part of an audit in accordance with GAAS, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of Sanitar Co., Ltd. and Its Subsidiaries.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Sanitar Co., Ltd. and Its Subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Sanitar Co., Ltd. and Its Subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the relevant notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. I have obtained sufficient and appropriate evidence to audit the consolidated financial information of Sanitar Co., Ltd. and Its Subsidiaries to express an opinion on the Consolidated Financial Statements. I am responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on Sanitar Co., Ltd. and Its Subsidiaries.

I communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal controls that we identify during our audit).

I have also provided the governing body with a statement that the independence-regulated personnel of the firm to which I am affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

I have determined the key audit matter for the audit of the Consolidated Financial Statements of Sanitar Co., Ltd. and Its Subsidiaries for the year ended December 31, 2020 from the communications I have had with the governing body. I identified such matter in my auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, I decided not to communicate those matters in my auditor's report because I reasonably could expect the negative effect of such communication to outweigh the public interest.

Deloitte & Touche

Accountant SU, YU-XIU

FSC Approval Number:
Jin-Guan-Zheng-Shen-Zi
No.1040024195

Accountant WENG, BO-REN

FSC Approval Number:
Jin-Guan-Zheng-Shen-Zi
No. 1010028123

March 9, 2021

Sanitar Co., Ltd. and Its Subsidiaries

Consolidated Statement of Financial Position

Dec. 31, 2020 & 2019

Unit: NT$ thousands

Code	Assets	Dec. 31, 2020 Amount	%	Dec. 31, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note IV, VI and XXV)	$ 164,816	6	$ 238,566	10
1136	Financial assets measured at amortized cost – current (Note IV, VIII and XXV)	56,199	2	46,888	2
1150	Notes receivable, net (Note IV, IX and XXV)	13,804	1	14,519	1
1170	Net value of accounts receivable (Note IV, IX, XX and XXV)	226,984	9	226,806	9
1180	Accounts receivable－Related parties, net (Note IV, IX, XX, XXV and XXVI)	4,201	-	3,419	-
1200	Other accounts receivable (Note IV and XXV)	2,257	-	2,836	-
1210	Other accounts receivable－Related parties (Note XXV and XXVI)	5	-	5	-
1220	Income tax assets in the current period (Note XXII)	-	-	7,486	-
130X	Inventory (Note IV, X and XXVII)	652,151	26	512,549	20
1419	Other prepaid expenses	9,505	-	7,824	1
1421	Prepayments for goods	30,751	1	7,484	-
1479	Other current assets－other (Note XV)	12,510	1	7,043	-
11XX	Total of current assets	1,173,183	46	1,075,425	43
	Non-current assets				
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note IV, VII and XXV)	262	-	-	-
1600	Property, plant and equipment (Note IV, XII, XXVII and XXVIII)	1,096,721	43	1,189,276	47
1755	Right-of-use assets (Note IV and XIII)	136,307	5	146,625	6
1780	Intangible assets (Note IV and XIV)	5,474	-	6,634	-
1840	Deferred income tax assets (Note IV and XXII)	63,646	3	46,335	2
1915	Prepayments for business facilities (Note XXVIII)	45,474	2	41,565	2
1920	Refundable deposits	7,754	-	7,119	-
1990	Other non-current assets－other (Note XV)	20,192	1	15,026	-
15XX	Total of non-current assets	1,375,830	54	1,452,580	57
1XXX	Total assets	$ 2,549,013	100	$ 2,528,005	100
Code	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term loans (Note XVI and XXV)	$ 344,442	14	$ 346,140	14
2130	Contract liabilities - current (Note IV and XX)	5,412	-	8,714	-
2170	Accounts payable (Note XVII and XXV)	70,200	3	91,510	4
2200	Other payables (Note XVIII and XXV)	107,290	4	113,451	4
2230	Current income tax liabilities (Note IV, XX and XXV)	51,373	2	16,409	1
2280	Lease liabilities - current (Note IV and XIII)	12,919	1	14,915	1
2399	Other current liabilities－other (Note XXV)	8,404	-	3,451	-
21XX	Total of current liability	600,040	24	594,590	24
	Non-current liabilities				
2570	Deferred income tax liabilities (Note IV and XXII)	170,786	7	176,566	7
2580	Lease liabilities - non-current (Note IV and XIII)	62,402	2	63,316	2
2645	Deposits received	258	-	276	-
25XX	Total of non-current liability	233,446	9	240,158	9
2XXX	Total liability	833,486	33	834,748	33
	Equity attributable to the owners of the Company (Note IV, XIX and XXII)				
	Share capital				
3110	Common shares	726,000	29	726,000	29
3200	Additional paid-in capital	277,452	11	277,452	11
	Retained earnings				
3310	Legal reserve	220,568	9	202,583	8
3320	Special reserve	166,030	6	146,675	6
3350	Unappropriated retained earnings	565,898	22	506,566	20
3300	Total retained earnings	952,496	37	855,824	34
3400	Other equity	(237,459)	(9)	(166,030)	(7)
3500	Treasury shares	(15,674)	(1)	-	-
31XX	Total liabilities of the owners of the Company	1,702,815	67	1,693,246	67
36XX	Non-controlling interests	12,712	-	11	-
3XXX	Total liabilities	1,715,527	67	1,693,257	67
	Total of liability and equity	$ 2,549,013	100	$ 2,528,005	100

The notes attached are part of the consolidated financial report.

Chairperson: HSIAO, CHUN-XIANG Manager: CHEN, WEI-CHIH Accounting Supervisor:CHEN, YU-CHUAN

Sanitar Co., Ltd. and Its Subsidiaries

Consolidated Statement of Comprehensive Income

From Jan. 1 to Dec. 31, 2020 and from Jan. 1 to Dec. 31, 2019

Unit: NT$ thousands
Except the earnings per share are in NT$

Code		2020 Amount	2020 %	2019 Amount	2019 %
	Operating revenue (Note IV, XX and XXVI)				
4110	Sales revenue	$ 2,347,987	102	$ 2,389,950	102
4170	Sales return	(9,273)	(1)	(28,829)	(1)
4190	Sales allowances	(46,362)	(2)	(38,285)	(2)
4800	Other operating revenue	14,169	1	12,090	1
4000	Total operating revenue	2,306,521	100	2,334,926	100
	Operating costs (Note X and XXI)				
5110	Cost of sales	(1,522,765)	(66)	(1,588,252)	(68)
5800	Other operating costs	(49,588)	(2)	(44,991)	(2)
5000	Total operating costs	(1,572,353)	(68)	(1,633,243)	(70)
5900	Gross operating profit	734,168	32	701,683	30
	Operating expenses (Note XXI)				
6100	Marketing expenses	(255,241)	(11)	(270,248)	(11)
6200	Management expenses	(169,215)	(8)	(165,849)	(7)
6300	R&D expenses	(17,706)	(1)	(17,223)	(1)
6450	Expected credit losses	(2,329)	-	(1,860)	-
6000	Total operating expenses	(444,491)	(20)	(455,180)	(19)
6500	Other income and expenses, net (Note XXI)	(631)	-	210	-
6900	Net operating profit	289,046	12	246,713	11
	Non-operating income and expenses (Note IV)				
7100	Interest income	4,779	-	4,654	-
7110	Rental income	530	-	2,286	-
7190	Other income	1,733	-	1,261	-
7230	Foreign exchange gain	1,740	-	2,035	-
7510	Interest expense	(8,125)	-	(8,067)	-
7590	Miscellaneous expenses	(128)	-	(3,339)	-
7000	Non-operating Total income and expenses	529	-	(1,170)	-

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Code		2020 Amount	2020 %	2019 Amount	2019 %
7900	Net income before tax	$ 289,575	12	$ 245,543	11
7950	Income tax expense (Note IV and XXII)	(69,519)	(3)	(65,691)	(3)
8000	Net income in the term	220,056	9	179,852	8
	Other comprehensive income (Note IV, XIX and XXII)				
	Items that will not be reclassified to profit or loss:				
8316	Investment in equity instruments measured at Unrealized gains or losses measured at FVTOCI	(2,738)	-	-	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(85,866)	(4)	(24,194)	(1)
8399	income tax related to the items that may be reclassified	17,173	1	4,839	-
8300	Other comprehensive income in the term (net value after tax)	(71,431)	(3)	(19,355)	(1)
8500	Total comprehensive income in the term	$ 148,625	6	$ 160,497	7
	Net income attributable to:				
8610	The owners of the Company	$ 220,092	10	$ 179,851	8
8620	Non-controlling interests	(36)	-	1	-
8600		$ 220,056	10	$ 179,852	8
	The total comprehensive income attributed to:				
8710	The owners of the Company	$ 148,663	6	$ 160,496	7
8720	Non-controlling interests	(38)	-	1	-
8700		$ 148,625	6	$ 160,497	7
	Earnings per share (Note XXIII)				
9750	Basic	$ 3.04		$ 2.48	
9850	Diluted	$ 3.03		$ 2.47	

The notes attached are part of the consolidated financial report.

Chairperson: HSIAO, CHUN-XIANG Manager: CHEN, WEI-CHIH
Accounting Supervisor:CHEN, YU-CHUAN

Sanitar Co., Ltd. and Its Subsidiaries

Consolidated Statement of Change in Equity

From Jan. 1 to Dec. 31, 2020 and from Jan. 1 to Dec. 31, 2019

Unit: NT$ thousands

		Equity attributable to the owners of the Company											
								Other equity					
		Share capital			Retained earnings								
Code		Number of shares (1,000 shares)	Amount	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity
A1	Balance as of Jan. 1, 2019	72,600	$ 726,000	$ 277,452	$ 177,182	$ 150,895	$ 514,876	($ 146,675)	$ -	$ -	$ 1,699,730	$ 10	$ 1,699,740
	Appropriation and distribution of earnings in 2018												
B1	Legal reserve	-	-	-	25,401	-	(25,401)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	(4,220)	4,220	-	-	-	-	-	-
B5	Cash dividends for the shareholders of the Company	-	-	-	-	-	(166,980)	-	-	-	(166,980)	-	(166,980)
D1	Net income for 2019	-	-	-	-	-	179,851	-	-	-	179,851	1	179,852
D3	Other comprehensive income after tax, 2019	-	-	-	-	-	-	(19,355)	-	-	(19,355)	-	(19,355)
D5	The total comprehensive income in 2019	-	-	-	-	-	179,851	(19,355)	-	-	160,496	1	160,497
Z1	Balance as of Dec. 31, 2019	72,600	726,000	277,452	202,583	146,675	506,566	(166,030)	-	-	1,693,246	11	1,693,257
	Appropriation and distribution of earnings in 2019												
B1	Legal reserve	-	-	-	17,985	-	(17,985)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	19,355	(19,355)	-	-	-	-	-	-
B5	Cash dividends for the shareholders of the Company	-	-	-	-	-	(123,420)	-	-	-	(123,420)	-	(123,420)
O1	Cash dividends for shareholders	-	-	-	-	-	-	-	-	-	-	(1)	(1)
D1	Net income for 2020	-	-	-	-	-	220,092	-	-	-	220,092	(36)	220,056
D3	Other comprehensive income after tax, 2020	-	-	-	-	-	-	(68,691)	(2,738)	-	(71,429)	(2)	(71,431)
D5	The total comprehensive income in 2020	-	-	-	-	-	220,092	(68,691)	(2,738)	-	148,663	(38)	148,625
E1	Cash capital increase	-	-	-	-	-	-	-	-	-	-	12,740	12,740
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	(15,674)	(15,674)	-	(15,674)
Z1	Balance as of Dec. 31, 2020	72,600	$ 726,000	$ 277,452	$ 220,568	$ 166,030	$ 565,898	($ 234,721)	($ 2,738)	($ 15,674)	$ 1,702,815	$ 12,712	$ 1,715,527

The notes attached are part of the consolidated financial report.

Chairperson: HSIAO, CHUN-XIANG Manager: CHEN, WEI-CHIH Accounting Supervisor:CHEN, YU-CHUAN

Sanitar Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flows

From Jan. 1 to Dec. 31, 2020 and from Jan. 1 to Dec. 31, 2019

Unit: NT$ thousands

Code		2020	2019
	Cash flow from operating activities		
A10000	Net income before tax in the term	$ 289,575	$ 245,543
A20010	Income charges (credits)		
A20100	Depreciation expense	107,789	86,579
A20200	Amortization expense	2,004	1,681
A20300	Expected credit losses	2,329	1,860
A20900	Interest expense	8,125	8,067
A21200	Interest income	(4,779)	(4,654)
A22500	Net income from the disposal and obsolescence of property, plant and equipment	(91)	(357)
A23700	Loss for market price decline and obsolete and slow-moving inventory	2,427	-
A23800	Gains on inventory value recoveries	-	(1,085)
A29900	Profit from lease modification	(244)	-
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	715	13,886
A31150	Accounts receivable	(2,512)	(22,837)
A31160	Accounts receivable — Related parties	(782)	(1,063)
A31180	Other receivables	580	(1,208)
A31190	Other receivables — related parties	-	(5)
A31200	Inventory	(142,029)	83,050
A31220	Other prepaid expenses	(1,681)	1,897
A31230	Prepayments	(23,267)	(1,180)
A31240	Other current assets	(5,467)	10,895
A32125	Contract liabilities - current	(3,302)	6,209
A32150	Accounts payable	(21,310)	(18,355)
A32180	Other payables	(5,904)	(9,708)
A32230	Other current liabilities	4,953	619
A33000	Cash from operating activities	207,129	399,834
A33100	Interests received	4,778	4,654
A33300	Interests paid	(8,182)	(4,083)
A33500	Income tax paid	(33,113)	(52,965)
AAAA	Net cash inflow from operating activities	170,612	347,440

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Code		2020	2019
	Cash flow from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	($ 3,000)	$ -
B00040	Increase in financial assets measured at amortized cost	(9,311)	(31,148)
B02700	Purchase of property, plant and equipment	(38,484)	(164,355)
B02800	Price for the disposal of property, plant and equipment	348	492
B03700	Increase in refundable deposits	(875)	(1,924)
B03800	Decrease in refundable deposits	240	-
B04500	Acquisition of intangible assets	(1,197)	(5,431)
B06700	Increase in other non-current assets	(5,166)	(5,795)
B07100	Increase in prepayments for business facilities	(4,676)	(95,979)
BBBB	Net cash outflow from investing activities	(62,121)	(304,140)
	Cash flow from financing activities		
C00100	Increase in short-term loans	523,302	177,074
C00200	Decrease in short-term loans	(525,000)	-
C03100	Return of deposits received	-	(5)
C04020	Repayment of lease principal	(15,747)	(16,277)
C04500	Payment of dividends for the owners of the Company	(123,420)	(166,980)
C04900	Redemption cost for treasury shares	(15,674)	-
C05800	Payment of cash dividends for non-controlling interests	(1)	-
C09900	Increase in non-controlling interests	12,740	-
CCCC	Net cash outflow from financing activities	(143,800)	(6,188)
DDDD	Effect of the changes in exchange rate on cash and cash equivalents	(38,441)	(10,488)
EEEE	Increase (decrease) in cash and cash equivalents	(73,750)	26,624
E00100	Beginning balance of cash and cash equivalents	238,566	211,942
E00200	Ending balance of cash and cash equivalents	$ 164,816	$ 238,566

The notes attached are part of the consolidated financial report.

Chairperson: HSIAO, CHUN-XIANG Manager: CHEN, WEI-CHIH

Accounting Supervisor:CHEN, YU-CHUAN

Sanitar Co., Ltd. and Its Subsidiaries

Consolidated Financial Statement Notes

From Jan. 1 to Dec. 31, 2020 and from Jan. 1 to Dec. 31, 2019

(Unless otherwise specified, the basic unit for any amount shall be NT$ 1,000.)

I. Company history

Sanitar Co., Ltd. (hereinafter referred to as "the Company") was established in 1985 as Lian Tuo Co., Ltd. as a porcelain sanitary ware manufacturer and distributor, and was reorganized as San Yu Co., Ltd. on January 26, 1988. The Company was renamed Sanitar Co., Ltd. in 2003 and is mainly engaged in the sales of bathing equipment such as bathtubs, toilets, and copper water supply fittings.

In August 2011, the Company was approved by the Taipei Exchange (TPEx) to trade on the emerging stock market and has been listed and traded on the Taiwan Stock Exchange (TWSE) since October 24, 2013.

The consolidated financial reports were expressed with the functional currency, New Taiwan Dollar, adopted by the Company.

II. The date when the financial reports were authorized for issue and the process involved

The consolidated financial reports were approved by Board of Directors on March 9, 2021.

III. Applicability of new issuing & revised standards and interpretation

(1) First-time application of IFRSs recognized and announced effectiveness by FSC.

Except for the following statements, the application of IFRSs that are recognized and announced as effective by Financial Supervisory won’t cause any major changes to the accounting policies of the Consolidated Company:

Amendments to IAS 1 and IAS 8—Definition of Material

The amendment applied to the Consolidated Company from January 1, 2020, switching to ''it could reasonably be expected to influence users'' as the materiality threshold and adjusting the disclosure in the consolidated financial statements to remove immaterial information that could obscure material information.

(2) IFRSs recognized by the Financial Supervisory Commission ("FSC") applicable in 2021

New/amended/revised standards and interpretations	Effective date published by IASB
Amendments to IFRS 4 "Extension of Temporary Exemption from Applying IFRS 9	Effective from the date of publication
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase II"	Effective for annual reporting periods beginning on or after January 1, 2021
Amendments to IFRS 16 "Covid-19 Related Rent Concessions"	Effective for annual reporting periods beginning on or after June 1, 2020

Amendments to IFRS 16 "Covid-19 Related Rent Concessions"

The amendment to IFRS 16, "Covid-19 Related Rent Concessions," provides that if the Consolidated Company enters into a rental agreement with a lessor directly related to Covid-19, when certain conditions are met, the Consolidated Company may elect the practical expedient of recognizing a reduction in lease payments in profit or loss upon the occurrence of the concession and reducing the lease liability accordingly.

The Consolidated Company has not yet entered into any rental agreements in connection with the foregoing in 2020, but will elect to apply the foregoing if such agreements occur in 2021.

(3) IFRSs announced by IASB but have not been approved as effective by the FSC

New/amended/revised standards and interpretations	Effective date published by IASB (Note 1)
"Annual Improvements for 2018-2020"	Jan. 1, 2022 (Note 2)
Amendments to IFRS 3 "Updating a Reference to the Conceptual Framework"	Jan. 1, 2022 (Note 3)
Amendments to IFRS 10/IAS 28 "Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture	TBD
IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendments to IFRS 17	Jan. 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Jan. 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	Jan. 1, 2023 (Note 6)

Amendments to IAS 8 "Definition of Accounting Estimates"	Jan. 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"	Jan. 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	Jan. 1, 2022 (Note 5)

Note 1: Other than being special specified, the above new issued/ amended/ revised standards or interpretation will be effective from the fiscal year after the dates for above.

Note 2: The amendments to IFRS 9 apply to swaps or changes in the terms of financial liabilities occurring in annual reporting periods beginning after Jan. 1, 2022; the amendments to IAS 41 "Agriculture" apply to fair value measurements in annual reporting periods beginning after Jan. 1, 2022; and the amendments to IFRS 1 "First-time Adoption of IFRSs" apply retrospectively to annual reporting periods beginning after 1 January 2022. The amendment to IFRS 1 "First-time Adoption of IFRSs" apply retrospectively to annual reporting periods beginning on or after Jan. 1, 2022.

Note 3: The amendments apply to business combinations for which the acquisition date begins on or after Jan. 1, 2022 in the annual reporting period.

Note 4: The amendments apply to the plant, property and equipment that will be in the location and condition necessary to achieve management's intended mode of operation beginning on or after Jan. 1, 2021.

Note 5: The amendments apply to contracts with all obligations outstanding as at Jan. 1, 2022.

Note 6: The amendments apply prospectively to annual reporting periods beginning on or after Jan. 1, 2023.

Note 7: The amendments apply to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning on or after Jan. 1, 2023.

1. Amendments to IFRS 10/IAS 28 "Sales or Contributions of Assets Between an Investor and Its Associate/Joint Venture

The amendments provide that if the Consolidated Company sells or contributes assets to an associate/joint venture, or if the Consolidated Company loses control of a subsidiary but retains significant influence (or joint control) over the subsidiary, the Consolidated Company recognizes the full amount of the gain or loss arising from those transactions if the aforementioned assets or subsidiary meet the definition of ''business'' under IFRS 3 ''Business Combinations.”

Moreover, where the Consolidated Company sells or contributes assets to an associate/joint venture, or the Consolidated Company loses control of a subsidiary in a transaction with the associate/joint venture, but retains significant influence (or joint control) over the subsidiary, if the foregoing assets or subsidiary do not fall within the definition of "business" in IFRS 3, the Consolidated Company recognizes gains or losses arising from the transaction only to the extent that they are not related to the investor's interest in the associate/joint venture, I.e., the Consolidated Company's share of such gains or losses should be eliminated.

2. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

   The amendments clarify that in determining whether a liability is classified as non-current, an assessment should be made as to whether the Consolidated Company has the right to defer settlement at the end of the reporting period until at least 12 months after the reporting period. If the Consolidated Company has such a right at the end of the reporting period, the liability is classified as non-current, regardless of whether the Consolidated Company expects to exercise the right. The amendments also clarify that if required to comply with certain conditions in order to have the right to defer settlement of its liabilities, the Consolidated Company must have followed the specified conditions as at the end of the reporting period, even if the lender tests whether the Consolidated Company has adhered to those conditions at a later date.

The amendments provide that for the purpose of liability classification, the aforementioned settlement means the extinguishment of a liability resulting from the transfer of cash, other economic resources or equity instruments of the Consolidated Company to the counterparty. However, if the terms of a liability may, at the option of the counterparty, result in the settlement of an equity instrument of the Consolidated Company, and if the option is separately recognized in equity in accordance with IAS 32 "Financial Instruments: Presentation," the foregoing terms do not affect the classification of the liability.

3. Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Consolidated Company shall determine the material accounting policy information to be disclosed based on the definition of material. Accounting policy information is material if it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

(1) accounting policy information relating to immaterial transactions, other events or conditions is immaterial and that the Consolidated Company is not required to disclose such information.

(2) the Consolidated Company may judge relevant accounting policy information to be material because of the nature of the transactions, other events or conditions, even if the sums are not material.

(3) not all accounting policy information relating to significant transactions, other events or conditions is material.

In addition, the amendments cite examples of accounting policy information that may be material if it relates to significant transactions, other events or conditions and if:

(1) the Consolidated Company changes its accounting policy during the reporting period and the change results in a material change in financial statement information;

(2) the Consolidated Company selects its applicable accounting policy from the options permitted by the standard;

(3) the Consolidated Company, due to the absence of a specific standard, establishes an accounting policy pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";

(4) the Consolidated Company discloses a relevant accounting policy that requires the application of significant judgement or assumptions; or

(5) involve complex accounting requirements and users of the financial statements rely on such information to understand those significant transactions, other events or conditions.

4. Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments expressly state that the accounting estimates represent the monetary amounts in the financial statements that are subject to measurement uncertainty. In applying accounting policies, the Consolidated Company may need to measure items in the financial statements using monetary amounts that are not directly observable but must be estimated, and therefore measurement techniques and inputs are used to create accounting estimates for this purpose. The effect of changes in measurement techniques or inputs on accounting estimates that are not corrections of prior period errors are accounted for as changes in accounting estimates.

In addition to the impact described above, the Consolidated Company is continuing to evaluate the impact of amendments to other standards and interpretations on its financial position and financial performance as of the date of adoption and publication of these consolidated financial statements, which will be disclosed when the evaluation is completed.

IV. Summary and explanation of important accounting policies

(1) Compliance statement

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS approved by the FSC.

(2) Basis of preparation

Except for the financial instruments evaluated at the fair price, the consolidated financial reports were prepared according to the historical costs.

Fair value measurement can be classified as level 1 to level 3 according to the observable degrees and importance of the relevant input values:

1. Level 1 input value: It refers to the quoted price at the active market on the same asset or liability available on the measurement day (unadjusted).
2. Level 2 input value: It refers to the direct (that is the price) or indirect (inferred from the price) observable input values on asset or liability other than the level 1 quoted price.
3. Level 3 input value: Unobservable input value of asset or liability.

(3) Standard in determining whether the asset or liability are current or non-current

Current assets include:

1. Assets held mainly for transaction purposes;
2. Assets to be realized within 12 months of the asset balance sheet; and
3. Cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. Liabilities held mainly for transaction purposes;
2. Liabilities due for payment within 12 months after the balance sheet date (a liability with long-term refinancing done or payment agreement rearranged also belongs to the current liabilities); and
3. The business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance

sheet date. However, where the terms of the liabilities may, at the option of the counterparty, lead to the settlement by issuing an instrument of equity, the classification will not be affected.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

(4) Consolidation basis

The consolidated financial reports include the financial reports of the Company's and the individual entity (subsidiary company) that is controlled by the Company. The subsidiary company's financial reports have been adjusted to be consistent with its accounting policies and the accounting policies for the Consolidated Company. When preparing the consolidated financial reports, the transaction, account balance, income and expense among each individual have been eliminated. The total comprehensive income of the subsidiary company is attributing to the owners of the company and non-controlling interests even though the non-controlling interests become balance account of loss. The total comprehensive income of the subsidiary company belongs to the owner of the Company and non-controlling equity, even though it may cause the non-controlling equity to become the balance of total loss.

For details, shareholding ratio, and business items of the subsidiary, please refer to Note 11 and Schedule 4.

(5) Foreign currency

When financial reports are prepared by each company, currency (foreign currency) other than individual functional currencies used for transactions is translated into a functional currency record at the exchange rate on the trading day.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items should be recognized in profit or loss in the current year.

The foreign currency non-monetary items measured at fair value are translated at the exchange rate of the day on which the fair value is determined. The resulting exchange differences are recognized in profit or loss of the year. However, when the change in fair value is recognized in other comprehensive income, the exchange differences arising therefrom should be recognized in other comprehensive income.

Foreign currency non-monetary items as measured at historical cost are translated at the exchange rate of the trading day and are not retranslated.

In preparing the consolidated financial statements, the assets and liabilities of foreign operators (including subsidiaries that operate in countries or currencies different from those of the Company) are translated into New Taiwan dollars at the exchange rate at each balance sheet date. Income and expense items are translated at average exchange rates for the period, with the resulting exchange differences included in other comprehensive income and attributed to the Company's owners and non-controlling interests, respectively.

(6) Inventory

Inventory includes raw materials, supplies, work in process, finished goods and merchandise inventory and is to be assessed by the cost and market value, except for inventory of same kind, the separate items shall be listed individually. The calculation of market value is the sales price minus the cost and the cost of inventory is calculated by weighted average method.

(7) Property, plant and equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment under construction are recognized at cost less accumulated impairment losses. Cost includes fees for professional services and borrowing costs eligible for capitalization. These assets are classified into the appropriate categories of property, plant and equipment and depreciation commences when they are completed and in their intended state of use.

The property, plant, and equipment are depreciated separately for each major part by the straight-line basis method over the life of service. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at each year-end and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(8) Intangible assets

1. Acquired separately

Intangible assets with limited duration acquired separately were initially measured at cost and subsequently at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized over their useful lives on a straight-line basis and the estimated useful lives, residual values and amortization method are reviewed at least at each year-end and the effect of changes in applicable accounting estimates is deferred. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment losses.

2. Derecognition

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss of the year when intangible assets are derecognized.

(9) Impairment of property, plant and equipment, right-of-use assets and intangible assets

The Consolidated Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may have been impaired. If any sign of impairment exists, the recoverable amount of the asset is estimated. If it is impossible to estimate the recoverable amount of an individual asset, the Consolidated Company estimates the recoverable amount of the asset at the cash generating unit. Corporate assets are allocated to the smallest groups of cash-generating unit on a reasonable and consistent basis.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

When the following recoverable amount increases, the carrying amount of the asset or cash generating unit increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that (minus amortization or depreciation) determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

(10) Financial instruments

Financial assets and financial liabilities are recognized in the Consolidated Statement of Financial Position when the Consolidated Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement types

The types of financial assets held by the Consolidated Company are equity instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost.

A. Financial assets measured at amortized cost

The Consolidated Company's investments in financial assets are classified as financial assets carried at amortized cost if both of the following conditions are met:

a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable and other receivables measured at amortized cost) are measured at amortized cost using the effective interest method to determine the total carrying amount less any impairment loss after initial recognition, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except in the following two cases:

a. Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.
b. Interest income is calculated by multiplying the effective interest rate by the amortized cost of the financial asset for financial assets that are not acquired or originated as credit-impaired but subsequently become credit-impaired.

Credit-impaired financial assets are those for which the issuer or the debtor has experienced significant financial difficulty, default, a probability that the debtor may declare bankruptcy or other financial reorganization, or the disappearance of an active market for the financial asset as a result of financial difficulty.

Cash equivalents include time deposits that are highly liquid, readily convertible into known amounts of cash and subject to a low risk of changes in value within 3 months from the date of acquisition, and are used to meet short-term cash commitments.

B. Investments in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Consolidated Company has an irrevocable option to designate investments in equity instruments that are not held for trading and for which there is contingent consideration recognized by the acquirer of the business combination to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. On disposal of investments, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

Dividends on investments in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss when the right to receive payments from the Consolidated Company is established, unless it is clear that the dividend represents a partial recovery of the cost of the investment.

(2) The impairment of financial assets

The Consolidated Company assesses financial assets (including notes receivable, accounts receivable and other receivables) measured at amortized cost at each balance sheet date based on expected credit losses.

Accounts receivable are recognized as an allowance for loss based on expected credit losses during the period of duration. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If not, they are recognized as an allowance for loss based on expected credit losses over 12 months, and if so, based on expected credit losses over the duration period.

Expected credit losses are the average credit losses weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from default events on a financial instrument that are possible within the 12 months after the reporting date, while the expected credit loss over the life of the instrument represents the expected credit loss resulting from all default events on a financial instrument that are possible over the expected life.

For internal credit risk management purposes, the Company determines, without regard to the collateral held, that a default on a financial asset has occurred if:

A. there is internal or external information indicating that the debtor is unlikely to meet its obligations.

B. it is more than a certain number of days past due, unless there is reasonable and supportable information indicating that a deferred default basis is more appropriate.

All impairment losses on financial assets are reversed through an allowance account and do not reduce the carrying amount of the financial assets.

(3) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When financial assets are derecognized in their entirety at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss.

When investments in equity instruments measured at fair value through other comprehensive income are derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Financial liabilities

(1) Subsequent measurement

All of the financial liabilities should be measured at the amortized costs through effective interest rate.

(2) Derecognition of financial liabilities

When derecognizing the financial liabilities, the difference between its book value amount and the consideration (including any non-cash asset transferred or the liability borne) paid will be recognized as income.

(11) Income recognition

The Consolidated Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

If the interval between the transfer of merchandises or services and the receipt of consideration is less than one year, no adjustment is made to the transaction price for the significant financing component of the contract.

Merchandise sales revenue

Merchandise sales revenue is derived from the sale of sanitary ware products such as porcelain toilets and water faucets. The Consolidated Company recognizes revenue and accounts receivable at the shipping point because the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence of the products from that point onwards.

(12) Lease

The Consolidated Company assesses whether a contract is (or contains) a lease at the contract inception date.

1. Consolidated Company as lessor

If the lease clauses transfer nearly all risks and Compensation associated with the assets to the lessee, the lease shall be classified as finance lease. All other leases shall be classified as business lease.

Under operating leases, lease payments, net of lease incentives, are recognized as income on a straight-line basis over the term of the relevant lease. The original direct costs incurred in acquiring an operating lease are added to the carrying amount of the subject asset and recognized as an expense on a straight-line basis over the lease term.

2. Consolidated Company as lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value subject assets to which a recognition exemption applies and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured initially at cost (comprising the original measurement of the lease liability, lease payments made prior to the commencement date of the lease less lease incentives received, original direct cost and estimated cost to reinstate the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment losses, with adjustments for remeasurement of the lease liability. Right-of-use assets are presented separately on individual balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life or the end of the lease term.

Lease obligations are measured initially at the present value of the lease payments (comprising fixed payments, effective fixed payments, variable lease payments dependent on indices or rates, amounts expected to be paid by the lessee under residual guarantees, exercise prices of purchase options where there is reasonable assurance that they will be exercised, and lease termination penalties reflected in the term of the lease, less lease incentives received). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If the rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured on an amortized cost basis using the effective interest method and interest expense is amortized over the lease term. If there is a change in the lease term, future lease payments as a result of variations in the expected payments under the residual guarantee, the evaluation of the purchase option on the subject asset, or changes in the index or rate used to determine lease payments, the Consolidated Company remeasures the lease liability and adjusts the right-of-use asset accordingly, except that if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented separately on the Consolidated Statement of Financial Position.

Rentals under leases that do not depend on changes in indices or rates are recognized as an expense in the period in which they are incurred.

(13) Income tax

Income tax expense is the sum of current income taxes and deferred income taxes.

1. Current income tax

   The additional income tax on the undistributed surplus calculated in accordance with the Income Tax Act shall be included in the income tax expense for the year of resolution of the shareholders' meeting.

   The adjustment of income tax payable in the previous year shall be included in the current income ta ＋.

2. Deferred income tax

   Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

   Deferred tax liabilities are generally recognized for all temporary differences in taxable income, while deferred income tax assets are recognized when there is a high likelihood that the taxable income will be used as a tax deduction for deductible temporary differences.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Consolidated Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that reversal is expected in the foreseeable future.

   The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred income tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred income tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Consolidated Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax

The current and deferred tax are recognized in profit or loss, provided that the current and deferred tax in relation to the items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity, respectively.

V. Primary sources of uncertainty in major accounting judgments, estimates, and assumptions

When the Consolidated Company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The Consolidated Company has included the economic impact of the COVID-19 outbreak in the consideration of significant accounting estimates and management will review the estimates and underlying assumptions on an ongoing basis. If an amendment to an estimate affects only the current period, the amendment is recognized in the period in which it is made. If an amendment to an accounting estimate affects both the current and future periods, the amendment is recognized in both the current and future periods.

VI. Cash and cash equivalents

	Dec. 31, 2020	Dec. 31, 2019
Cash on hand and revolving funds	$ 1,823	$ 1,875

Checks and fixed deposit	145,480	188,512
Cash equivalents		
Time deposits with original maturity within three months	17,513	48,179
	$164,816	$238,566

VII. Financial assets measured at fair value through other comprehensive income - non-current

	Dec. 31, 2020	Dec. 31, 2019
Investments in equity instruments measured at fair value through other comprehensive income		
Stock of unlisted companies		
Amsalp Biomedical Corporation	$ 262	$ -

The Consolidated Company invests in the above-mentioned subjects for medium- and long-term strategic purposes and expects to make profits from the long-term investments. The management of the Consolidated Company considers that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and therefore chooses to designate these investments as measured at fair value through other comprehensive income.

The Consolidated Company's investments in equity instruments measured at fair value through other comprehensive income are not pledged.

VIII. Financial assets measured at amortized cost

	Dec. 31, 2020	Dec. 31, 2019
Current		
Time deposits with original maturity over three months	$ 56,199	$ 46,888

IX. Notes and accounts receivable

	Dec. 31, 2020	Dec. 31, 2019
Notes receivable		
Generated from operating activities	$ 13,804	$ 14,519
Accounts receivable		
Non-related parties	$231,415	$228,834
Minus: allowance for loss	(4,431)	(2,028)
	$226,984	$226,806
Related parties	$ 4,201	$ 3,419

The average credit period for the Consolidated Company's merchandise sales ranges from 30 to 90 days, and no interest is charged on accounts receivable. To mitigate credit risk, the management of the Consolidated Company assigns a dedicated team to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Consolidated Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible receivables. Accordingly, the Consolidated Company's management believes that the Consolidated Company's credit risk has been significantly reduced.

The Consolidated Company uses the simplified approach of IFRS 9 to recognize an allowance for losses on accounts receivable based on lifetime expected credit losses. The lifetime expected credit losses are calculated using an provision matrix, which takes into account the customer's past default history and current financial position, the economic situation of the industry, as well as the GDP forecast and industry outlook, and classifies customers into different risk groups and recognizes an allowance for losses based on the expected loss rate of each group.

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, such as when the counterparty is in liquidation, the Consolidated Company will directly write off the related accounts receivable but will continue to conduct recourse actions and recognize the amount recovered in profit or loss as a result of the recourse.

The Consolidated Company's allowance for losses on accounts receivable based on the provision matrix is summarized as follows:

Dec. 31, 2020

	Within normal credit period	Overdue 1-180 days	Overdue Over 180 days	Total
Total carrying amount	$ 228,043	$ 6,101	$ 1,472	$ 235,616
Allowance for loss (Expected credit loss in the duration)	(1,986)	(1,159)	(1,286)	(4,431)
Amortized cost	$ 226,057	$ 4,942	$ 186	$ 231,185

Dec. 31, 2019

	Within normal credit period	Overdue 1-180 days	Overdue Over 180 days	Total
Total carrying amount	$ 227,608	$ 4,239	$ 406	$ 232,253
Allowance for loss (Expected credit loss in the duration)	(1,308)	(394)	(326)	(2,028)
Amortized cost	$ 226,300	$ 3,845	$ 80	$ 230,225

Information on the changes in allowance for losses on notes receivable, accounts receivable and overdue receivables is as follows:

	2020		
	notes receivable	accounts receivable	overdue receivables
Beginning balance	$ -	$ 2,028	$ 1,445
Plus: Impairment losses recognized in the period	-	2,429	-
Minus: Reversal of impairment losses in the current period	-	-	(100)
Differences from translation of foreign currencies	-	(26)	(21)
Ending balance	$ -	$ 4,431	$ 1,324

	2019		
	notes receivable	accounts receivable	overdue receivables
Beginning balance	$ -	$ 516	$ 1,112
Plus: listed impairment losses in the period	-	1,521	339
Differences from translation of foreign currencies	-	(9)	(6)
Ending balance	$ -	$ 2,028	$ 1,445

The Consolidated Company's notes receivable, accounts receivable and overdue receivables are not pledged.

X. Inventory

	Dec. 31, 2020	Dec. 31, 2019
Raw materials	$146,386	$118,754
Work in progress	52,044	28,558
Finished goods	256,052	188,714
Merchandise inventory	197,669	176,523
	$652,151	$512,549

The allowance for loss for market price decline and obsolete inventory was $36,660 thousand and $35,658 thousand as of December 31, 2020 and 2019, respectively.

Cost of sales related to inventory for fiscal 2020 and 2019 are as follows:

	2020	2019
Loss for market price decline and obsolete and slow-moving inventory (gain from price recovery)	$ 2,427	($ 1,085)
Inventory short (over)	(873)	3,489
Loss on inventory obsolescence	470	8,352
Income from the sale of leftover materials	(11)	(115)
	$ 2,013	$ 10,641

Please refer to Note 27 for the amount of inventory set by the Consolidated Company as collateral for the loan facility.

The increase in the net realizable value of the Consolidated Company's inventory in fiscal 2019 was due to the increase in the selling price of inventory.

XI. Subsidiaries

(1) Subsidiaries included in the consolidated financial statements

The principal structure of the preparation of the Consolidated Financial Statements is as follows:

Name of the Investment Company	Name of Subsidiary	Nature of Business	Shareholding percentage 2020 Dec. 31	Shareholding percentage 2019 Dec. 31
Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Manufacturing and sale	99.9993%	99.9993%
Sanitar Co., Ltd.	Kai Sheng Sanitary Ware Co., Ltd.	Manufacturing and sale	51%	-

On November 4, 2020, the Board of Directors resolved to establish Kai Sheng Sanitary Ware Co., Ltd. as a distribution base in Taoyuan through investment by the Sanitar Co., Ltd. of the Consolidated Company. The total capital is $50,000 thousand, divided into 5,000,000 shares at NT$10 per share, and authorized to be issued by the Board of Directors in several installments. Sanitar Co., Ltd. invested $13,260 thousand and holds 51% of the shares, while the remaining 49% of the shares are held by non-affiliated parties. After considering the voting rights held by other shareholders, the Consolidated Company was considered to have the actual ability to direct the relevant activities of Kai Sheng Sanitary Ware Co., Ltd. Since Kai Sheng Sanitary Ware Co., Ltd. was established in December 2020 and has no significant operating activities, Kai Sheng Sanitary Ware Co., Ltd.'s own financial statements were adopted for the preparation of the Consolidated Financial Statements.

(2) Subsidiaries not included in the consolidated financial statements: None.

XII. Property, plant and equipment

	Self-owned land	Buildings	Machinery equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction-in-progress	Total
Cost								
Balance on Jan. 1, 2020	$ 243,280	$ 797,729	$ 491,947	$ 59,416	$ 23,573	$ 15,303	$ 13,780	$ 1,645,028
Increment	-	6,063	8,594	9,679	52	7,046	7,050	38,484
Disposal	-	-	-	(1,073)	(266)	(380)	-	(1,719)
Recategorized	-	2,344	767	-	-	10,572	(13,116)	567
Net exchange differences	-	(35,920)	(32,567)	(2,108)	(947)	(53)	(124)	(71,719)
Balance on Dec. 31, 2020	$ 243,280	$ 770,216	$ 468,741	$ 65,914	$ 22,412	$ 32,488	$ 7,590	$ 1,610,641
Accumulated depreciation								
Balance on Jan. 1, 2020	$ -	$ 147,188	$ 261,715	$ 32,052	$ 10,844	$ 3,953	$ -	$ 455,752
Depreciation expense	-	31,731	39,563	7,222	3,072	6,798	-	88,386

Disposal	-	-	-	(844)	(238)	(380)	-	(1,462)
Net exchange differences	-	(8,556)	(18,731)	(958)	(506)	(5)	-	(28,756)
Balance on Dec. 31, 2020	$ -	$ 170,363	$ 282,547	$ 37,472	$ 13,172	$ 10,366	$ -	$ 513,920
Net on Dec. 31, 2020	$ 243,280	$ 599,853	$ 186,194	$ 28,442	$ 9,240	$ 22,122	$ 7,590	$ 1,096,721
Cost								
Balance on Jan. 1, 2019	$ 243,280	$ 515,618	$ 432,975	$ 49,217	$ 12,519	$ 14,003	$ 161,424	$ 1,429,036
Increment	-	9,555	8,149	7,091	5,487	1,300	132,773	164,355
Disposal	-	(163)	(1,069)	(3,228)	(327)	-	-	(4,787)
Recategorized	-	284,076	61,012	6,911	6,188	-	(281,389)	76,798
Net exchange differences	-	(11,357)	(9,120)	(575)	(294)	-	972	(20,374)
Balance on Dec. 31, 2019	$ 243,280	$ 797,729	$ 491,947	$ 59,416	$ 23,573	$ 15,303	$ 13,780	$ 1,645,028

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	Self-owned land	Buildings	Machinery equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction-in-progress	Total
Accumulated depreciation								
Balance on Jan. 1, 2019	$ -	$ 128,090	$ 230,676	$ 28,930	$ 8,315	$ 984	$ -	$ 396,995
Depreciation expense	-	21,410	36,957	6,447	2,987	2,969	-	70,770
Disposal	-	(163)	(1,069)	(3,093)	(327)	-	-	(4,652)
Net exchange differences	-	(2,149)	(4,849)	(232)	(131)	-	-	(7,361)
Balance on Dec. 31, 2019	$ -	$ 147,188	$ 261,715	$ 32,052	$ 10,844	$ 3,953	$ -	$ 455,752
Net on Dec. 31, 2019	$ 243,280	$ 650,541	$ 230,232	$ 27,364	$ 12,729	$ 11,350	$ 13,780	$ 1,189,276

There is no indication of impairment of property, plant and equipment listed above in fiscal 2020 and 2019 as assessed by management.

Depreciation expense is calculated through straight-line basis according to the following years:

Buildings	
Main office building	50-55 years
Factory building	50 years
Distribution center	35 years
Others	2-50 years
Machinery equipment	1-25 years
Transportation equipment	4-25 years
Other equipment	1-10 years
Leasehold improvements	5 years

Please refer to Note 27 for the amount of property, plant and equipment pledged as collateral for the loan amount.

The Company leases the roof of its factory in Zaoqiao Township for the installation and operation of a solar photovoltaic system to generate electricity for sale to Taiwan Power Company. The lessee does not have a preferential right to purchase the asset at the end of the lease period. The lease period is from the commercial operation date of the solar power system on March 14, 2019 to the end of 20 years. At the end of the lease term, the lessee does not have a preferential right to acquire the asset.

The total future lease payments to be received under operating leases are as follows

	2020	2019
The 1st year	$ 530	$ 530
The 2nd year	530	530
The 3rd year	530	530

The 4th year	530	530
The 5th year	530	530
Over 5 years	6,890	7,420
	$ 9,540	$ 10,070

XIII. Lease agreement

(1)

	Lands	Buildings	Total
Cost			
Balance on Jan. 1, 2020	$ 119,583	$ 55,391	$ 174,974
Increment	-	25,746	25,746
Disposal	-	(16,612)	(16,612)
Net exchange differences	(7,825)	(938)	(8,763)
Balance on Dec. 31, 2020	$ 111,758	$ 63,587	$ 175,345
Accumulated depreciation			
Balance on Jan. 1, 2020	$ 16,046	$ 12,303	$ 28,349
Depreciation expense	3,124	16,279	19,403
Disposal	-	(7,101)	(7,101)
Net exchange differences	(1,178)	(435)	(1,613)
Balance on Dec. 31, 2020	$ 17,992	$ 21,046	$ 39,038
Net on Dec. 31, 2020	$ 93,766	$ 42,541	$ 136,307
Cost			
Balance on Jan. 1, 2019	$ -	$ -	$ -
Effect of the first-time application of IFRS 16	121,693	32,494	154,187
Increment	-	23,222	23,222
Disposal	-	(75)	(75)
Net exchange differences	(2,110)	(250)	(2,360)
Balance on Dec. 31, 2019	$ 119,583	$ 55,391	$ 174,974
Accumulated depreciation			
Balance on Jan. 1, 2019	$ -	$ -	$ -
Effect of the first-time application of IFRS 16	13,066	-	13,066
Depreciation expense	3,284	12,525	15,809
Disposal	-	(75)	(75)
Net exchange differences	(304)	(147)	(451)
Balance on Dec. 31, 2019	$ 16,046	$ 12,303	$ 28,349
Net on Dec. 31, 2019	$ 103,537	$ 43,088	$ 146,625

(2) Lease liabilities

	Dec. 31, 2020	Dec. 31, 2019
Carrying amount of lease liabilities		
Current	$ 12,919	$ 14,915
Non-current	$ 62,402	$ 63,316

Discount rate ranges of lease liabilities are as follows:

	2020	2019
Lands	8.37%	8.37%
Buildings	1.66%~8.37%	1.79%~8.37%

(3) Other leasing information

	2020	2019
Lease expenses of low-value assets	$ 706	$ 1,804
Changed lease payment expenses not considered in the measurement of lease liabilities	$ 508	$ 164
Total cash outflow from lease	($ 17,339)	($ 18,486)

The Consolidated Company has elected to apply the exemption from recognition to leases of Office equipment that qualify as short-term leases and leases of Office equipment that qualify as low-value asset leases and not to recognize the related right-of-use assets and lease liabilities for these leases.

XIV. Intangible assets

	Trademark rights	Cost of computer software	Total
Cost			
Balance on Jan. 1, 2020	$ 8,572	$ 14,239	$ 22,811
Acquired separately	-	1,197	1,197
Disposal	(8,572)	(2,200)	(10,772)
Net exchange differences	-	(769)	(769)
Balance on Dec. 31, 2020	$ -	$ 12,467	$ 12,467
Accumulated amortization			
Balance on Jan. 1, 2020	$ 8,572	$ 7,605	$ 16,177
Amortization expense	-	2,004	2,004
Disposal	(8,572)	(2,200)	(10,772)
Net exchange differences	-	(416)	(416)
Balance on Dec. 31, 2020	$ -	$ 6,993	$ 6,993

Net on Dec. 31, 2020	$ -	$ 5,474	$ 5,474

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	Trademark rights	Cost of computer software	Total
Cost			
Balance on Jan. 1, 2019	$ 8,572	$ 9,852	$ 18,424
Acquired separately	-	5,431	5,431
Disposal	-	(810)	(810)
Net exchange differences	-	(234)	(234)
Balance on Dec. 31, 2019	$ 8,572	$ 14,239	$ 22,811
Accumulated amortization			
Balance on Jan. 1, 2019	$ 8,572	$ 6,831	$ 15,403
Amortization expense	-	1,681	1,681
Disposal	-	(810)	(810)
Net exchange differences	-	(97)	(97)
Balance on Dec. 31, 2019	$ 8,572	$ 7,605	$ 16,177
Net on Dec. 31, 2019	$ -	$ 6,634	$ 6,634

Amortization expenses were calculated and recognized using straight line basis with the following service lives:

Trademark rights	20 years
Computer software	1-8 years

XV. Other assets

	Dec. 31, 2020	Dec. 31, 2019
Current		
Input tax	$ 11,922	$ 6,641
Others	588	402
	$ 12,510	$ 7,043
Non-current		
Long-term prepaid expenses	$ 20,192	$ 15,026
Overdue receivables	1,324	1,445
Minus: Allowance for bad debts	(1,324)	(1,445)
	$ 20,192	$ 15,026

XVI. Short-term loans

	Dec. 31, 2020	Dec. 31, 2019
Secured loan (Note XXVII)		
Bank borrowings	$344,442	$346,140

The interest rates on revolving bank loans ranged from 0.85% to 1.25% and 1.07% to 3.10% in 2020 and Dec. 31, 2019, respectively.

XVII. Accounts payable

	Dec. 31, 2020	Dec. 31, 2019
Accounts payable		
Generated from operating activities	$ 70,200	$ 91,510

XVIII. Other payables

	Dec. 31, 2020	Dec. 31, 2019
Salaries and bonuses payable	$ 54,587	$ 52,337
Employee bonuses payable	8,749	7,303
Compensation of directors and supervisors payable	5,833	4,869
Gas bills payable	5,388	7,775
Freight charges payable	3,565	4,277
Advertising expenses payable	3,092	3,528
Other	26,076	33,362
	$107,290	$113,451

XIX. Equity

(1) Share capital

	Dec. 31, 2020	Dec. 31, 2019
Rated number of shares (1,000 shares)	100,000	100,000
Rated share capital	$ 1,000,000	$ 1,000,000
Paid-in shares (1,000 shares)	72,600	72,600
Issued shares	$ 726,000	$ 726,000

The issued common stock has a par value of $10 per share and each share is entitled to one vote and the right to receive dividends.

(2) Additional paid-in capital

	Dec. 31, 2020	Dec. 31, 2019
Can be used to make up losses, to issue cash dividends or to add into share capital (Note)		
Share premium	$254,700	$254,700
Premium on capital stock due to merger	9,481	9,481
Cannot be used for any purpose		
Cost of employee stock options	13,271	13,271
	$277,452	$277,452

Note: Such additional paid-in capital may be used to cover losses or, when the company is not losing money, to make cash payments or to capitalize share capital, provided that the capitalization is limited to a certain percentage of paid-in share capital each year.

(3) Retained earnings and dividend policies

In accordance with the distribution policy of the Consolidated Company's Articles of Incorporation, if there is any after-tax net income in the annual consolidated financial statements, the accumulated deficit (including the adjustment of the Unappropriated retained earnings Amount) shall first be offset and 10% shall be set aside as legal reserve in accordance with the law. However, the legal reserve shall not be used when the accumulated legal reserve has reached the total paid-in capital of the Consolidated Company. The Board of Directors shall prepare a resolution for the distribution of the remaining earnings, together with the Unappropriated retained earnings (including the adjustment of the Unappropriated retained earnings Amount) at the beginning of the period. The Board of Directors shall prepare a resolution on the appropriation of earnings and submit it to the shareholders for resolution on the distribution of dividends to shareholders.

The dividend policy of the Consolidated Company is based on current and future development plans, consideration of the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders. Dividends may be distributed to shareholders in cash or in stock, with cash dividends not less than 10% of the total stock dividends, except when the stock dividends are less than one dollar per share.

The legal reserve shall be set aside until the balance reaches the total paid-up capital of the Company. The statutory reserve may be applied to make up losses. If the Company is not in deficit, the excess of the legal reserve over 25% of the total paid-in capital may be distributed in cash in addition to capitalization.

The Company has appropriated and reversed the special reserve in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, Jin-Guan-Zheng-Fa-Zi Letter No. 1010047490, Jin-Guan-Zheng-Fa-Zi Letter No. 1030006415 and the "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs."

The Company of Consolidated Company held its regular shareholders' meetings on May 28, 2020 and June 20, 2019, and resolved to approve the earnings distribution for fiscal 2019 and 2018, respectively, as follows:

	2019	2018
Legal reserve	$ 17,985	$ 25,401
Special reserve	$ 19,355	($ 4,220)
Cash dividends	$123,420	$166,980
Cash dividends per share (NT$)	$ 1.71	$ 2.30

The Company proposed the following distribution of earnings for fiscal 2020 at the Board of Directors' meeting on March 9, 2021:

	2020
Legal reserve	$ 22,009
Special reserve	$ 71,429
Cash dividends	$144,152
Cash dividends per share (NT$)	$ 2.00

The distribution of earnings for fiscal 2020 is subject to the resolution of the shareholders' meeting scheduled to be held on May 27, 2021.

(4) Special reserve

	2020	2019
Beginning balance	$ 146,675	$ 150,895

Reversal of special reserve	-	(4,220)
Provision of special reserve		
Allowances for deductions in other equity interest items	19,355	-
Ending balance	$ 166,030	$ 146,675

(5) Other equity interest items

1. Exchange differences on translation of foreign financial statements

	2020	2019
Beginning balance	($ 166,030)	($ 146,675)
Exchange difference on translation of the financial statements of foreign operations	(85,864)	(24,194)
Relevant income tax of the loss on translation of the financial statements of foreign operations	17,173	4,839
Ending balance	($ 234,721)	($ 166,030)

2. Unrealized gains or losses on financial assets measured at fair value through other comprehensive income

	2020	2019
Beginning balance	$ -	$ -
Generated in the period		
Unrealized gains or losses		
Equity instrument	(2,738)	-
Ending balance	($ 2,738)	$ -

(6) Treasury shares

Reasons for the retirement of shares	Transfer of shares to employees (1,000 shares)
Number of shares as of Jan. 1, 2020	-
Increase in the current period	524
Number of shares as of Dec. 31, 2020	524

Treasury shares held by the Company are not pledged under the Securities and Exchange Act and are not entitled to dividend distribution or voting rights.

(7) Non-controlling interests

	2020	2019
Beginning balance	$ 11	$ 10
Share belonging to non-controlling interests		
Increase in non-controlling interests because of the establishment of Kai-Sheng (Note XI)	12,740	-
Net income (loss) in the period	(36)	1
Exchange differences on translation of foreign financial statements	(2)	-
Cash dividends of subsidiaries	(1)	-
Ending balance	$ 12,712	$ 11

XX. Income

2020	2019

Income from customer contracts		
Porcelain	$ 1,124,375	$ 1,142,763
Water use equipment	463,194	494,716
Automated equipment	245,240	210,305
Bathtubs	62,383	84,606
Others	411,329	402,536
	$ 2,306,521	$ 2,334,926

Contract balance

	Dec. 31, 2020	Dec. 31, 2019
Accounts receivable	$ 231,185	$ 230,225
Contract liabilities		
Payment for goods collected in advance	$ 5,412	$ 8,714

2020 and 2019 Income from customer contracts, of which $373,583 thousands and $447,502 thousands were reclassified from contract liabilities, respectively.

XXI. Net income from continuing operations

Net income from continuing operations includes the following items:

(1) Other income and expenses, net

	2020	2019
Compensation for losses	($ 966)	($ 147)
Net income from the disposal and obsolescence of property, plant and equipment	91	357
Other	244	-
	($ 631)	$ 210

(2) Depreciation and amortization, employee benefit expenses

	2020			2019		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefit expenses						
Salary expenses	$191,317	$175,305	$366,622	$165,934	$152,820	$318,754
Premium for the insurance of employees	18,968	15,963	34,931	19,334	14,839	34,173
Benefits after retirement						
Defined contribution plan	1,590	3,732	5,322	1,509	2,989	4,498
Other employee benefit expenses	9,178	7,563	16,741	7,841	8,531	16,372
Total of employee benefit expenses	$221,053	$202,563	$423,616	$194,618	$179,179	$373,797
Depreciation expense						

Property, plant and equipment	$ 56,767	$ 31,619	$ 88,386	$ 44,790	$ 25,980	$ 70,770
Right-of-use assets	949	18,454	19,403	1,050	14,759	15,809
	$ 57,716	$ 50,073	$107,789	$ 45,840	$ 40,739	$ 86,579
Amortization expense	$ 743	$ 1,261	$ 2,004	$ 69	$ 1,612	$ 1,681

(3) Compensation to employees and compensation to directors and supervisors

The Consolidated Company contributes 2% to 5% of the pre-tax benefit before compensation to employees and directors and supervisors as compensation to employees and no more than 2% as compensation to directors and supervisors for the year.

The compensation to employees and compensation to directors and supervisors for the years 2020 and 2019 were resolved by the Board of Directors on March 9, 2021 and February 27, 2020, respectively, as follows:

Estimated listing ratio

	2020	2019
Compensation of employees	3%	3%
Compensation of directors and supervisors	2%	2%

Amount

	2020	2019
	Cash	Cash
Compensation of employees	$ 8,749	$ 7,303
Compensation of directors and supervisors	5,833	4,869

If there is any change in the annual Consolidated Financial Statements after the date of adoption, the change in accounting estimate will be treated as an adjustment in the following year.

There was no difference between the actual amount of compensation to employees and compensation to directors and supervisors for fiscal 2019and 2018 and the amount recognized in the 2019 and 2018 Consolidated Financial Statements.

For information on the compensation to employees and compensation to directors and supervisors resolved by the Board of Directors of the Company, please visit the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

XXII. Income tax of continuing operations

(1) Major items of income tax expenses recognized in profit or losses:

Main components of income tax expenses recognized in profit or losses:

	2020	2019
Current income tax		
Generated in the period	$ 74,029	$ 46,378
Surtax on unappropriated retained earnings	954	3,292
Adjustments for the prior year	(950)	11

	74,033	49,681
Deferred income tax		
Generated in the period	(6,006)	14,457
The tax paid in foreign countries cannot be deducted	1,492	1,553
Income tax expense recognized in profit or losses	$ 69,519	$ 65,691

The reconciliations of accounting income and income tax expenses are as follows:

	2020	2019
Net income before tax	$289,575	$245,543
Income tax expense of the net income before tax calculated with statutory tax rate	$ 58,004	$ 49,109
Non-deductible expenses in the tax	(2,654)	(2,169)
Surtax on unappropriated retained earnings	954	3,292
Temporary differences which were not recognized	12,673	13,895
The tax paid in foreign countries cannot be deducted	1,492	1,553
Adjustments to the income tax expenses in the past years in the current period	(950)	11
Income tax expense recognized in profit or losses	$ 69,519	$ 65,691

According to the document 512/CT-TTHT of the Dong Nai Provincial Tax Office of the General Administration of Taxation of the Socialist Republic of Vietnam, the Vietnam Caesar Sanitary Wares Joint Stock Company is subject to a preferential corporate income tax rate of 15% for the initial investment projects with more than 50% of exported products. The tax rate is 15% for the initial investment and 20% for the expanded investors who are not in the area of tax incentives.

(2) Income tax recognized in other comprehensive income

	2020	2019
Deferred income tax		
Generated in the period		
—Translation of the financial statements of foreign operations	$ 17,173	$ 4,839

(3) Income tax assets and liabilities in the current period

	Dec. 31, 2020	Dec. 31, 2019
Income tax assets in the current period	$ -	$ 7,486
Current income tax liabilities	$ 51,373	$ 16,409

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2020

	Beginning balance	Recognized in profit or losses	Recognized in other comprehensive income	Exchange difference	Ending balance
Deferred income tax assets					
Temporary differences					
Allowance for bad debts	$ 679	$ 380	$ -	($ 28)	$ 1,031
Unrealized loss for market price decline and obsolete and slow-moving inventory	3,494	485	-	(45)	3,934
Exchange difference on translation of the financial statements of foreign operations	41,508	-	17,173	-	58,681
Amortization of prepaid rent	282	(275)	-	(7)	-
Unrealized foreign exchange losses	30	(30)	-	-	-
Others	342	(333)	-	(9)	-
	$ 46,335	$ 227	$ 17,173	($ 89)	$ 63,646
Deferred income tax liabilities					
Temporary differences					
Investment income recognized using equity method (foreign investment)	$176,544	($ 5,825)	$ -	$ -	$170,719
Unrealized foreign exchange gains	22	46	-	(1)	67
	$176,566	($ 5,779)	$ -	($ 1)	$170,786

2019

	Beginning balance	Recognized in profit or losses	Recognized in other comprehensive income	Exchange difference	Ending balance
Deferred income tax assets					
Temporary differences					
Allowance for bad debts	$ 749	($ 64)	$ -	($ 6)	$ 679
Unrealized loss for market price	3,721	(213)	-	(14)	3,494

decline and obsolete and slow-moving inventory					
Exchange difference on translation of the financial statements of foreign operations	36,669	-	4,839	-	41,508
Amortization of prepaid rent	470	(183)	-	(5)	282
Unrealized foreign exchange losses	-	30	-	-	30
Others	-	350	-	(8)	342
	$ 41,609	($ 80)	$ 4,839	($ 33)	$ 46,335

Deferred income tax liabilities					
Temporary differences					
Investment income recognized using equity method (foreign investment)	$162,166	$ 14,378	$ -	$ -	$176,544
Unrealized foreign exchange gains	23	(1)	-	-	22
	$162,189	$ 14,377	$ -	$ -	$176,566

(5) Deductible temporary differences of deferred income tax assets which were not recognized in the statement of financial position

	Dec. 31, 2020	Dec. 31, 2019
Deductible temporary differences	$ 4,299	$ 4,762

(6) Income tax assessment

The income tax returns of the Company have been assessed and approved by the tax authorities through fiscal 2018.

XXIII. Earnings per share

(1) Basic earnings per share

The earnings and weighted-average number of common stocks used to calculate basic earnings per share were as follows:

	2020	2019
Net income attributable to the owners of the company	$220,092	$179,851
Weighted average number of common shares used in the calculation of basic earnings per share (1,000 shares)	72,290	72,600
Basic earnings per share (NT$)	$ 3.04	$ 2.48

(2) Diluted earnings per share

The earnings and weighted-average number of common stocks used to calculate diluted earnings per share were as follows:

	2020	2019
Net income attributable to the owners of the company	$220,092	$179,851
Weighted average number of common shares used in the calculation of basic earnings per share (1,000 shares)	72,290	72,600
Influence of dilutive potential common shares on employee bonuses or Compensation of employees (1,000 shares)	376	352
Weighted average number of common shares used in the calculation of diluted earnings per share (1,000 shares)	72,666	72,952
Diluted earnings per share (NT$)	$ 3.03	$ 2.47

If the Consolidated Company has the option of paying employees in stock or cash, it is assumed that employee compensation will be paid in stock and is included in the weighted-average number of shares outstanding for the purpose of calculating diluted earnings per share when the potential ordinary share has a dilutive effect. The dilutive effect of these potential ordinary shares shall also continue to be considered in the calculation of diluted earnings per share before the following year's resolution on the number of employee compensation shares to be distributed.

XXIV. Capital risk management

The Consolidated Company is currently in a stable operating phase and the objective of capital risk management is to ensure that it is able to maximize shareholder returns by optimizing debt and equity balances while continuing to operate and grow.

The Consolidated Company adopts a prudent risk management strategy and conducts regular reviews to determine the most appropriate capital structure for itself based on its business development strategy and overall planning of operational needs.

XXV. Financial instrument

(1) Fair value information

1. Financial instruments not measured at fair value

The Consolidated Company considered that the carrying amounts of financial assets and liabilities which were not measured at fair value were close to their fair values.

2. Financial instruments measured at fair value

(1) Fair value levels

December 31, 2020

	Level 1	Level 2	Level 3	Total
Non-current financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
－Stocks of domestic companies which are not listed or traded over the counter	$ -	$ -	$ 262	$ 262

There were no transfers between Level 1 and Level 2 fair value measurements in fiscal 2020 and 2019.

(2) Valuation techniques and Inputs for level 3 fair value measurements

Category of financial instruments	Valuation technique and input value

Investment in the stocks of domestic companies which are not listed or traded over the counter	Price-to-book ratio method: The net book value per share can be calculated based on the financial information of the Company, and the current value of gain or loss from holding an item of investment can thus be calculated.

(2) Types of financial instruments

	Dec. 31, 2020	Dec. 31, 2019
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	$164,816	$238,566
Financial assets measured at amortized cost - current	56,199	46,888
Notes receivable, net	13,804	14,519
Net value of accounts receivable	226,984	226,806
Accounts receivable－Related parties, net	4,201	3,419
Other receivables	2,257	2,836
Other receivables－related parties	5	5
Financial assets measured at fair value through other comprehensive income		
Investments in equity instruments	262	-
Financial liabilities		
Measured at amortized cost		
Short-term loans	344,442	346,140
Accounts payable	70,200	91,510
Other payables	107,290	113,451

(3) Purpose and policy of financial risk management

The Consolidated Company is committed to ensuring that the Company has adequate and cost effective working capital for its operations. The Consolidated Company carefully manages market risk (including foreign currency exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk associated with its operating activities to reduce the potential adverse effects of market uncertainties on the Company's finances.

1. Market risk management

(1) Exchange rate risk

The Consolidated Company mainly focuses on the domestic market, and all foreign sales and purchase transactions are quoted in foreign currencies. The Consolidated Company adopts the natural hedging method of offsetting foreign currency receipts and expenditures, and the net foreign currency portion is relatively small.

Please refer to Note XXIX for the Carrying amount of foreign-currency-denominated monetary assets and monetary liabilities of the Consolidated Company as of the balance sheet date.

The sensitivity analysis of the foreign currency exchange rate risk is based on foreign currency monetary items as of the end of the financial reporting period. If the New Taiwan dollar depreciates/strengthens by 5% against the U.S. dollar, the Consolidated Company's net income before tax would decrease by $4,383 thousands and $3,858 thousands for the years ended December 31, 2020 and 2019, respectively.

(2) Interest rate risk

The Consolidated Company continues to reduce the level of borrowings from financial institutions and the Consolidated Company's management believes that fluctuations in borrowing rates will have little impact on the Consolidated Company.

(3) Other price risk

The price risk of the Consolidated Company’s equity came from the investment of financial assets measured at fair value through other comprehensive income (mainly invested in the stocks of domestic companies which are not listed or traded over the counter).

<u>Sensitivity Analysis</u>

The following sensitivity analysis is based on the equity price risk at the balance sheet date.

If the equity price increases/decreases by 0.5%, other comprehensive income will increase/decrease by $1 thousand from Jan. 1, 2020 to Dec. 31, 2020 due to the change in fair value of financial assets measured at fair value through other gains or losses.

2. Credit risk

Credit risk represents the risk of financial loss to the Group due to default on contractual obligations by the counter-parties. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk due to non-performance of counter-parties' obligations is the carrying value of financial assets recognized in the Consolidated Statement of Financial Position. As of the balance sheet date, the Consolidated Company's maximum exposure to credit risk arising from the counterparty's failure to meet its obligations is the carrying value of financial assets recognized in the Consolidated Statement of Financial Position.

To mitigate credit risk and maintain the quality of Accounts receivable, the Consolidated Company has established operating-related credit risk management procedures, and the Consolidated Company also uses certain credit enhancement tools, such as payment for goods collected in advance and the acquisition of security deposits, at appropriate times to reduce customers' credit risk. The Consolidated Company also uses certain credit enhancement tools, such as payment for goods collected in advance and margin acquisition, at appropriate times to reduce customers' credit risk. In addition, the Consolidated Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables.

In 2020 and 2019, except for Company A, the Consolidated Company's concentration of credit risk to other customers does not exceed 10% of the total Accounts receivable, and these companies have a long history and good repayment status, so the Consolidated Company's related credit risk is not significant.

The credit risk is limited because the counter-parties of liquidity are financial institutions with good credit ratings, and therefore no significant credit risk is expected.

3. Liquidity risk

The Consolidated Company copes with the operation and reduces the influence of cash flow fluctuations through the management and maintenance of sufficient amount of cash and cash equivalents. The management of the Consolidated Company monitors the use of banking facilities and ensures compliance with the terms of borrowing contracts. The Consolidated Company is able to meet its contractual obligations by maintaining appropriate capital and banking facilities. The Consolidated Company's working capital is sufficient to meet its obligations, and therefore there is no liquidity risk that the Consolidated Company will not be able to raise funds to meet its contractual obligations.

The unused funds of the credit agreements from the bank until December 31, 2020 and 2019 respectively are $725,189 thousands and $758,412 thousands.

The following table is based on the earliest possible period for which the Consolidated Company may be required to make repayments and is prepared using undiscounted cash flows of financial liabilities, which include cash flows of interest and principal. The Consolidated Company's working capital is sufficient to meet the demand.

Dec. 31, 2020

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Non-derivative financial liabilities					
Short-term loans	$ 344,442	$ -	$ -	$ -	$ 344,442
Accounts payable	70,200	-	-	-	70,200

Other payables	107,290	-	-	-	107,290
Current income tax liabilities	51,373	-	-	-	51,373
Lease liabilities - current	12,919	-	-	-	12,919
Other current liabilities－other	8,404	-	-	-	8,404
Lease liabilities - non-current	-	15,641	13,377	72,117	101,135

Dec. 31, 2019

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Non-derivative financial liabilities					
Short-term loans	$ 346,140	$ -	$ -	$ -	$ 346,140
Accounts payable	91,510	-	-	-	91,510
Other payables	113,451	-	-	-	113,451
Current income tax liabilities	16,409	-	-	-	16,409
Lease liabilities - current	14,915	-	-	-	14,915
Other current liabilities－other	3,451	-	-	-	3,451
Lease liabilities - non-current	-	11,618	14,171	88,595	114,384

XXVI. Related party transaction

The transactions, balances in accounts, income and expenses between the Company and the subsidiary (a related party of the Company) were all written off at the time of the merger, so they were not disclosed in the Notes. The transactions between the Consolidated Company and related parties (aside from those revealed in notes) are listed below:

(1) Names of related parties and their relationships

Name of related party	Relationship with the Company
Chia-Ta-Hang Co., Ltd.	Substantive related party－The chairperson of that company was the spouse of a relative of the chairperson of the Company within second degree of kinship

(2) Operating income

Accounting item	Type of related party	2020	2019
Sales revenue	Substantive related party Chia-Ta-Hang Co., Ltd.	$ 43,655	$ 36,330

There was no material difference between the terms of transaction for the purchase and sale transactions between the Consolidated Company and related parties and those for other non-related parties.

(3) Accounts receivable from related parties (excluding loans to related parties)

Accounting item	Type of related party/Name	Dec. 31, 2020	Dec. 31, 2019
Accounts receivable － Related parties	Substantive related party		
	Chia-Ta-Hang Co., Ltd.	$ 4,201	$ 3,419

(4) Other accounts receivable from related parties

Accounting item	Type of related party/Name	Dec. 31, 2020	Dec. 31, 2019
Other receivables	Substantive related party		
	Chia-Ta-Hang Co., Ltd.	$ 5	$ 5

(5) Compensation of key management personnel

	2020	2019
Short-term employee benefits	$ 24,138	$ 21,923
Benefits after retirement	408	399
	$ 24,546	$ 22,322

The remuneration of directors and other key management personnel is determined by the Compensation Committee based on individual performance and market trends.

XXVII. Pledged assets

(1) The following assets have been provided as collateral to secure loans or lines of credit with banks:

	Dec. 31, 2020	Dec. 31, 2019
Property, plant and equipment －land	$ 61,652	$ 61,652
Property, plant and equipment －buildings	35,728	36,622
	$ 97,380	$ 98,274

(2) As of Dec. 31, 2020 and 2019, in addition to the collaterals mentioned above, Vietnam Caesar Sanitary Wares Joint Stock Company provided to Bank of Vietnam as collaterals with the Bank's borrowings with a credit guarantee value of US$0 thousand and US$450 thousands,

respectively, and inventory value of not less than US$1,500 thousand and US$1,050 thousand.

XXVIII. Material contingent liabilities and unrecognized contractual commitments

In addition to those described in other notes, the Consolidated Company had the following significant commitments and contingencies as of the balance sheet date:

(1) As of Dec. 31, 2020, the Consolidated Company's Vietnam Caesar Sanitary Wares Joint Stock Company had entered into contracts with various manufacturers for the purchase of machinery and equipment or construction work and related taxes for a total amount of $39,972,806 thousands, of which $38,674,656 thousands (equivalent to $46,428 thousands) had been paid in VND, which was listed under Prepayments for business facilities and Construction in progress, depending on their nature.

(2) As of Dec. 31, 2020, the Consolidated Company had entered into construction contracts with various manufacturers for a total amount of NT$9,481 thousands, and the price paid was NT$6,636 thousands, which was recognized under Construction in progress.

(3) As of Dec. 31, 2020 and 2019, the Consolidated Company had unused letters of credit amounting to US$0 thousand and US$414 thousands, respectively.

(4) As of Dec. 31, 2020 and 2019, the Consolidated Company's guarantee for the financing loans of Vietnam Caesar Sanitary Wares Joint Stock Company amounted to NT$142,400 thousands (US$5,000 thousands) and NT$194,870 thousands (US$1,870 thousands), respectively. (US$6,500,000).

XXIX. Foreign-currency-denominated assets and liabilities that have significant influence

The following information is presented in the aggregate in foreign currencies other than the functional currency of each of the consolidated companies, and the exchange rates disclosed represent the rates at which these foreign currencies were translated into the functional currency. Assets and liabilities denominated in foreign currencies that have a significant effect are as follows.

	Dec. 31, 2020			Dec. 31, 2019		
	Foreign currency	Exchange rate	NT$	Foreign currency	Exchange rate	NT$
Assets in foreign currencies						
Monetary items						
USD	$ 1,533	28.48	$ 43,672	$ 1,383	29.980	$ 41,455
RMB	10	4.37	44	-	-	-
Liabilities in foreign currencies						
Monetary items						
USD	4,611	28.48	131,326	3,956	29.980	118,611

XXX. Other matters

The Consolidated Company was affected by the global pandemic of novel coronavirus pneumonia, but the impact was relatively insignificant because the epidemic was well controlled in Taiwan. As of Dec. 31, 2020, the cumulative consolidated operating revenue decreased by approximately 1.2% compared to the same period last year, indicating that the epidemic did not have a serious impact on the Consolidated Company's operations. Although the recent epidemic in Europe and the United States is on the rise, the Consolidated Company's operating revenue is concentrated in Taiwan and Vietnam, and is not expected to be significantly affected.

The Consolidated Company has maintained normal working capital, salaries, interest, rent and other expenses, and has not applied to the government for relief.

XXXI. Disclosures

(I) Information on significant transactions and (II) information on investees:

1. Lending to others: None.
2. Endorsement for other parties: Schedule 1.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures): None.
4. The cumulative amount of securities purchased or sold reaches NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None.
7. The amount of purchase or sale of goods with related parties reaches NT$100 million or 20% of the paid-in capital: (Schedule 2)
8. Related party receivables amounting to at least NT$100 million or 20% of the paid-in capital: None.
9. Engage in derivative transactions: None.
10. Other: the business relationships among the parent company and subsidiaries and the significant amounts and conditions of transaction: (Schedule 3).
11. Information of investee companies: (Schedule 4).

(III) Information of investment from Mainland China: None.

(IV) Information of Major Shareholders: The names of shareholders who held more than 5% of the Company’s shares and the number of shares held by them and the ratio to all the outstanding shares: (Schedule 5).

XXXII. Department details

The Consolidated Company is an independent operating segment that provides information to the decision maker for the purpose of allocating resources and evaluating segment performance, with emphasis on each type of product or service delivered or provided. The reportable segments of the Consolidated Company are as follows.

Financial information by region

The Consolidated Company's business units are divided into two reportable segments: the Taiwan Sanitary Equipment segment and the Vietnam Sanitary Equipment segment, which are mainly engaged in the design, manufacturing and trading of sanitary equipment and copper water supply products, but the two reportable segments are treated separately because they have their own independent strategies.

The Consolidated Company does not allocate income tax expense (benefit) or extraordinary gain or loss to reportable segments. In addition, not all reportable segments include significant non-cash items other than depreciation and amortization.

The accounting policies of each operating segment are the same as the summary of significant accounting policies described in Note IV. The Consolidated Company's operating profit and loss in the sector is measured on a pre-tax basis (excluding extraordinary gain or loss) and is used as the basis for evaluating performance.

The Consolidated Company considers intersegment sales and transfers as transactions with third parties, which are measured at the current market.

Financial information of the Consolidated Company by region is as follows.

	Segment of Sanitary Wares in Taiwan	Segment of Sanitary Wares in Foreign Countries	Adjustment and Write-off	Total
2020				
Revenue				
Revenue from external customers	$ 1,456,489	$ 850,032	$ -	$ 2,306,521
Revenue from other segments	14,907	402,339	(417,246)	-
Total revenue	$ 1,471,396	$ 1,252,371	($ 417,246)	$ 2,306,521
Profit and loss in the sector	$ 276,989	$ 75,796	($ 63,210)	$ 289,575
Total assets of the segment	$ 2,320,902	$ 1,517,729	($ 1,289,618)	$ 2,549,013
Total liabilities of the segment	$ 592,162	$ 275,743	($ 34,419)	$ 833,486
2019				
Revenue				
Revenue from external customers	$ 1,284,658	$ 1,050,268	$ -	$ 2,334,926
Revenue from other segments	15,525	408,381	(423,906)	-
Total revenue	$ 1,300,183	$ 1,458,649	($ 423,906)	$ 2,334,926
Profit and loss in the sector	$ 231,275	$ 83,619	($ 69,351)	$ 245,543
Total assets of the segment	$ 2,346,230	$ 1,562,509	($ 1,380,734)	$ 2,528,005
Total liabilities of the segment	$ 652,984	$ 209,797	($ 28,033)	$ 834,748

Sanitar Co., Ltd. and Its Subsidiaries

Endorsement for Other Parties

From Jan. 1 to Dec. 31, 2020

Schedule 1

Unit: NT$ thousands (unless otherwise specified)

No.	Name of the endorser/guarantor	Guaranteed party		Limits on endorsement/guarantee amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements (%)	Maximum endorsement/guarantee amount allowable	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to entities in Mainland China	Remark
		Company Name	Relationships											
1	Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Investment accounted for using the equity method	$ 340,563	$ 196,625	$ 142,400	$ 59,680	$ -	8.36	$ 681,126	Y	N	N	(Note)

Note: The endorsement/guarantee limit is based on the endorsement/guarantee procedures approved by the shareholders' meeting and stipulated by the Bureau of Securities and Futures of the Financial Supervisory Commission, Executive Yuan on December 18, 2002, by Order no.(91)-Tai-tsai-zhen-(6)-0910161919. The total amount of the Company's endorsement and guarantee shall not exceed 40% of the Company's net worth and the amount of endorsement and guarantee for subsidiaries directly holding more than 50% of the common stock shall not exceed 20% of the Company's net worth for the period.

Sanitar Co., Ltd. and Its Subsidiaries

Marketable Securities Held at the End of Period

Dec. 31, 2020

Schedule 2

Unit: NT$ thousands (unless otherwise specified)

Holding Company	Type and Name of Marketable Securities	Relationship with the issuer of the marketable securities	Financial statement account	End of the period				Remark
				Number of shares	Carrying amount	Shareholding percentage	Fair value	
Sanitar Co., Ltd.	Stock Amsalp Biomedical Corporation	-	Non-current financial assets measured at the fair value through other comprehensive income	154,700	$ 262	18.20%	$ 262	—

Sanitar Co., Ltd. and Its Subsidiaries

The amount of purchase or sale of goods with related parties reaches NT$100 million or 20% of the paid-in capital

From Jan. 1 to Dec. 31, 2020

Schedule 3

Unit: NT$ thousands (unless otherwise specified)

Company name	Transaction counterparty	Relationships	Transaction				Situation and reason of why trading conditions are different from general trading		Notes/ accounts receivable or payable		Remark
			Purchases (Sales)	Amount	Ratio to total purchases/sales amount (%)	Loan period	Unit Price	Loan period	Balance	Ratio to total amount of notes/accounts receivable or payable (%)	
Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Investment accounted for using the equity method	Purchase	$ 402,339	39%	Vietnam Caesar Sanitary Wares Joint Stock Company should pay within 30 days after the delivery, but this can be adjusted regarding the demand for funds.	Discussed by both parties in the transaction with reference to the market price and gross profit of products	Vietnam Caesar Sanitary Wares Joint Stock Company should pay within 30 days after the delivery, but this can be adjusted regarding the demand for funds.	Accounts payable $ -	-	Note

Note: Transaction with related parties on the consolidated and parent company only statements were all adjusted and amortized.

Sanitar Co., Ltd. and Its Subsidiaries

The Business Relationships among the Parent Company and Subsidiaries and the Significant Amounts and Conditions of Transactions

From Jan. 1 to Dec. 31, 2020

Schedule 4

Unit: NT$ thousands (unless otherwise specified)

No. (Note 1)	Name of the Trader	Name of the transaction counterparty	Relationship with the Trader (Note 2)	Conditions of Transactions			
				Accounting Item	Amount	Terms of Transaction	Ratio to the total consolidated operating revenue or the total consolidated assets (Note 3)
0	Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	1	Other operating revenue	$ 14,907	The payment will be collected within 2 months after the end of each quarter. However, this can be adjusted according to the demand for funds.	-
			1	Accounts receivable – Related parties	4,172	–	-
			1	Other receivables – related parties	30,246	–	1%
			1	Purchase	402,339	The prices of goods purchased by Sanitar Co., Ltd. from Vietnam Caesar Sanitary Wares Joint Stock Company were discussed by both parties in the transaction with reference to the market price and gross profit of products. The payment shall be made within 30 days after the delivery, and this can be adjusted according to the demand for funds.	17%

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the number should be filled in as follows.
(1) Enter 0 for the parent company.
(2) Subsidiaries are numbered in order by company, starting from the Arabic numeral 1.
Note 2: Relationship with the Trader has the following three types, just label the type.
(1) Parent company to subsidiary company.
(2) Subsidiary to parent company.
(3) Subsidiary to Subsidiary
Note 3: The calculation of the ratio of transaction amount to consolidated total revenue or total assets is calculated as Ending balance to consolidated total assets in the case of assets and liabilities, or as cumulative amount to consolidated total revenue in the case of profit and loss.
Note 4: Significant Conditions of Transactions in this table may be presented at the Company's discretion based on the principle of materiality.

Sanitar Co., Ltd.

Name, Location, and Other Related Information of Investees

From Jan. 1 to Dec. 31, 2020

Schedule 5 Unit: NT$ thousands (unless otherwise specified)

Name of the Investment Company	Name of the Investee Company	Location	Main businesses	Original investment amount		Shares held as of the end of the period			Net income (loss) of the investee	Gain (loss) on investment recognized in the period	Remark
				End of the period	End of last period	Number of shares (1,000 shares)	Ratio (%) (Note 3)	Carrying amount			
Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Vietnam	Manufacturing and sale of sanitary equipment and water supply equipment	$ 665,303	$ 665,303	41,878	100	$ 1,225,499	$ 63,253	$ 58,988	Note 1, 2 and 3
Sanitar Co., Ltd.	Kai Sheng Sanitary Ware Co., Ltd.	Taiwan	Sale of sanitary equipment and water supply equipment	13,260	-	1,326	51	13,221	(76)	(39)	Note 2

Note 1: The difference between the comprehensive income of Vietnam Caesar Sanitary Wares Joint Stock Company and the gain on investment recognized by Sanitar Co., Ltd. was the net change of the unrealized gains or losses from upstream sale, which was NT$4,264,000.

Note 2: The gain (loss) on investment on the consolidated and parent company only statements were adjusted and amortized.

Note 3: The ratio of shares held as of the end of the period was 99.9993%。

Sanitar Co., Ltd. and Its Subsidiaries

Information of Major Shareholders

Dec. 31, 2020

Schedule 6

Name of Major Shareholder	Shares	
	Number of shares held by the person	Shareholding percentage
XIAO, JUN-XIANG	5,013,581	6.90%

Information of Major Shareholders is calculated based on the last business day of the quarter in which the shareholders hold 5% or more of the Company's common shares and preferred shares that have been delivered without physical registration (including Treasury shares). The number of shares in the consolidated financial statements may differ from the actual number of shares delivered due to different bases of computation.

The above information is revealed by the trustee's opening of a trust account with individual subaccounts of the principal if the shareholder has delivered the shares to the trust. As for the shareholder's shareholding of more than 10% of insider shares reported under the Securities and Exchange Act, the shareholding includes the shareholding of the shareholder himself/herself plus the shareholding of the shareholder delivered to the trust and has the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for the information on insider shareholding reporting.