Stock Code: 1817

Sanitar Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

(Translation Edition)

Address: 7F., No. 111-8, Xingde Rd., Sanchong Dist., New Taipei City
Tel: +886 2 85123712

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DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

SANITAR CO., LTD.

By:

____

HSIAO, CHUN HSIANG
Chairman

February 24, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sanitar Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Sanitar Co., Ltd. and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Sanitar Co., Ltd. and its subsidiary in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters for Sanitar Co., Ltd. and its subsidiary's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Validity of Sales to Specific Customers

As revenue recognition is presumed to have significant audit risk in accordance with the auditing standards, and the counterparties of Sanitar Co., Ltd. and its subsidiary are mainly distributors, which have larger single transaction sales amounts, the risk of revenue recognition is the occurrence of sales revenue. Considering the materiality to the financial statements, sales revenue to specific customers with larger single transaction sales amounts is regarded as a key audit matter. Refer to Notes 4 (11) and 20 to the parent company only financial statements for the details.

The main audit procedures performed in respect of the abovementioned key audit matter are as follows:

1. We understood, evaluated and tested the effectiveness of the design and implementation of internal control system that is related to revenue recognition.

2. We obtained the sales details of these particular customers for the year ended December 31, 2022, sample tested the selected sales transaction and traced to its original purchase order, the delivery order and the invoice, and agreed the amount to the book to ensure the occurrence of the sales.

3. We obtained the sales returns details of the particular customers for the subsequent period, sample tested the related sales returns supporting document and reviewed the reasonableness of the cause of such sales returns.

Other Matter

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

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

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

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

Those charged with governance (including the audit committee) are responsible for overseeing Sanitar Co., Ltd. and its subsidiary’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sanitar Co., Ltd. and its subsidiary's internal control.

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Su-Huan Yu and Chien-Ming Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2023

SANITAR CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 4, 6 and 25)	$ 245,346	9	$ 268,186	10
Financial asset at fair value through profit or loss-current(Note 4, 7 and 25)	12,500	1		
Financial assets at amortized cost - current (Notes 4, 8 and 25)	59,545	2	64,709	2
Notes receivable, net (Notes 4, 9 and 25)	25,282	1	20,064	1
Accounts receivable, net (Notes 4, 9, 20 and 25)	304,918	11	279,161	10
Accounts receivable from related parties, net (Notes 4, 9, 20, 25 and 26)	2,917	-	5,698	-
Other receivables (Note 4 and 25)	1,806	-	1,156	-
Other receivables from related parties (Notes 25 and 26)	20	-	14	-
Inventories (Note 4, 10 and 27)	774,437	29	740,245	27
Other prepayments	10,424	-	8,780	-
Prepayments for purchases	34,735	1	42,906	2
Other current assets (Note 15)	8,482	-	13,441	1
Total current assets	1,480,412	54	1,444,360	53
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 12, 27 and 28)	1,007,336	37	993,295	36
Right-of-use assets (Note 4 and 13)	137,879	5	134,966	5
Intangible assets (Note 4 and 14)	14,907	1	11,472	-
Deferred tax assets (Note 4 and 22)	51,384	2	67,368	3
Prepayments for equipment (Note 28)	637	-	48,701	2
Refundable deposits	12,226	-	8,980	-
Other non-current assets (Note 15)	22,454	1	19,706	1
Total non-current assets	1,246,823	46	1,284,488	47
TOTAL	$ 2,727,235	100	$ 2,728,848	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 25)	$ 90,000	3	$ 246,619	9
Contract liabilities - current (Note 4 and 20)	7,633	-	18,212	1
Notes payable(Note 25)	4,147	-	-	-
Accounts payables (Note 17 and 25)	108,148	4	138,436	5
Other payables (Note 18 and 25)	130,013	5	124,038	4
Current tax liabilities (Note 4, 22 and 25)	48,047	2	26,358	1
Lease liabilities - current (Notes 4, 13 and 25)	17,361	1	15,850	1
Long-term liabilities - current portion (Note 16 and 25)	20,000	1	27,143	1
Other current liabilities (Note 25)	4,162	-	5,430	-
Total current liability	429,511	16	602,086	22
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16 and 25)	27,333	1	87,810	3
Deferred tax liabilities (Note 4 and 22)	184,074	7	174,692	7
Lease liabilities - non-current (Note 4, 13 and 25)	62,241	2	61,675	2
Guarantee deposits	339	-	317	-
Total non-current liabilities	273,987	10	324,494	12
Total liabilities	703,498	34	926,580	34
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (NOTE 4, 19 and 22)				
Share capital				
Ordinary shares	726,000	27	726,000	27
Capital surplus	277,452	10	277,452	10
Retained earnings				
Legal reserve	264,584	10	242,577	9
Special reserve	236,559	8	237,459	9
Unappropriated earnings	673,946	25	548,378	20
Total retained earnings	1,175,089	43	1,028,414	38
Other equity	(166,229)	(6)	(236,559)	(9)
Treasury shares	(15,674)	(1)	(15,674)	(1)
Total liabilities of the owners of the Company	1,996,638	73	1,779,633	65
NON-CONTROLLING INTERESTS	27,099	1	22,635	1
Total equity	2,023,737	74	1,802,268	66
TOTAL	$ 2,727,235	100	$ 2,728,848	100

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

SANITAR CO., LTD. AND SUBSIDIARIES

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 20 and 26)				
Sales	$ 2,709,494	101	$ 2,410,518	101
Sales returns	(6,536)	-	(7,417)	-
Sales allowances	(50,787)	(2)	(45,441)	(2)
Other operating revenue	17,435	1	14,978	1
Total operating revenue	2,669,606	100	2,306,521	100
OPERATING COSTS (Notes 10 and 21)				
Cost of goods sold	(1,703,026)	(64)	(1,525,657)	(64)
Other operating costs	(47,236)	(2)	(49,430)	(2)
Total operating costs	(1,750,262)	(66)	(1,575,087)	(66)
GROSS PROFIT	919,344	34	797,551	34
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	(326,148)	(12)	(302,110)	(13)
General and administrative expenses	(192,546)	(7)	(181,028)	(8)
Research and development expenses	(28,607)	(1)	(22,831)	(1)
Expected credit loss (Reversal)	582	-	(4,249)	-
Total operating expenses	(546,719)	(20)	(510,218)	(22)
OTHER OPERATING INCOME AND EXPENSES (Note 21)	387	-	(2,369)	-
PROFIT FROM OPERATIONS	373,012	14	284,964	12
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Interest income	4,345	-	3,731	-
Rent income	530	-	530	-
Other income	1,612	-	1,663	-
Foreign exchange gains	9,824	-	3,971	-
Interest expenses	(7,724)	-	(7,073)	-
Financial asset at fair value through profit or loss	2,500	-		
Other expenses	(668)	-	(80)	-
Total non-operating income and expenses	10,419	-	2,742	-

(Continued)

SANITAR CO., LTD. AND SUBSIDIARIES

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
PROFIT BEFORE INCOME TAX	$ 383,431	14	$ 287,706	12
INCOME TAX EXPENSE (Notes 4 and 22)	(88,140)	(3)	(62,858)	(3)
NET PROFIT FOR THE YEAR	295,291	11	224,848	9
OTHER COMPREHENSIVE INCOME (Notes 4, 19 and 22)				
Items that will not be reclassified to profit or loss:				
Unrealized gains or losses on financial assets at FVTOCI	-	-	1,440	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	87,913	-	(2,297)	-
Income tax related to items that may be reclassified subsequently to profit or loss	(17,583)	-	459	-
Other comprehensive loss for the year, net of income tax	70,330	3	(398)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 365,621	14	$ 224,450	9
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 290,827	9	$ 221,368	9
Non-controlling interests	4,464	-	3,480	-
	$ 295,291	11	$ 224,848	9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 361,157	14	$ 220,970	9
Non-controlling interests	4,464	-	3,480	-
	$ 365,621	14	$ 224,450	9
EARNINGS PER SHARE (NT$; Note 23)				
Basic	$ 4.04		$ 3.07	
Diluted	$ 4.01		$ 3.06	

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

SANITAR CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company											
							Other Equity					
	Ordinary Shares			Retained Earnings								
	Share Issued (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized gains or losses on financial assets at FVTOCI	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2021	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
Appropriation of the 2020 earnings												
Legal reserve	-	-	-	22,009	-	(22,009)	-	-	-	-	-	-
Special reserve	-	-	-	-	71,429	(71,429)	-	-	-	-	-	-
Cash dividends to shareholders of the Company	-	-	-	-	-	(144,152)	-	-	-	(144,152)	-	(144,152)
Net profit for the year ended December 31, 2021	-	-	-	-	-	221,368	-	-	-	221,368	3,480	224,848
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(1,838)	(1,440)	-	(398)	-	(398)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	221,368	(1,838)	(1,440)	-	220,970	3,480	224,450
Disposal of investments in equity instruments measured at FVTOCI	-	-	-	-	-	(1,298)	-	1,298	-	-	-	-
Cash capital increase	-	-	-	-	-	-	-	-	-	-	6,443	6,443
BALANCE, DECEMBER 31, 2021	72,600	726,000	277,452	242,577	237,459	548,378	(236,559)	-	(15,674)	1,779,633	22,635	1,802,268
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	22,007	-	(22,007)	-	-	-	-	-	-
Special reserve	-	-	-	-	(900)	900	-	-	-	-	-	-
Cash dividends to shareholders of the Company	-	-	-	-	-	(144,152)	-	-	-	(144,152)	-	(144,152)
Net profit for the year ended December 31, 2022	-	-	-	-	-	290,827	-	-	-	290,827	4,464	295,291
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	70,330	-	-	70,330	-	70,330
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	290,827	70,330	-	-	361,157	4,464	365,621
BALANCE, DECEMBER 31, 2022	72,600	$ 726,000	$ 277,452	$ 264,584	$ 236,559	$ 673,946	($ 166,229)	$ -	($ 15,674)	$ 1,996,638	$ 27,099	$2 ,023,737

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

SANITAR CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 383,431	$ 287,706
Adjustments for:		
Depreciation expenses	111,416	106,749
Amortization expenses	4,485	2,664
Expected credit loss recognized on accounts receivable(Reverse)	(582)	4,249
Net profit of financial asset at fair value through profit or loss	(2,500)	
Interest expenses	7,724	7,073
Interest income	(4,345)	(3,731)
Impairment loss on investment accounted for using equity method	-	3,183
Gain on disposal of property, plant and equipment	(387)	(919)
Write-downs of inventories	6,216	8,700
Changes in operating assets and liabilities		
Notes receivable	(5,218)	(6,260)
Accounts receivable	(24,807)	(56,447)
Accounts receivable from related parties	2,781	(1,497)
Other receivables	(634)	1,100
Other receivables from related parties	(6)	(9)
Inventories	(40,408)	(96,794)
Other prepayments	(1,644)	725
Prepayments for purchases	8,171	(12,155)
Other current assets	4,959	(931)
Overdue receivables	(417)	21
Contract liabilities - current	(10,579)	12,800
Note payable	4,147	-
Accounts payable	(30,288)	68,236
Other payables	5,975	16,783
Other current liabilities	(1,268)	(2,974)
Cash generated from operations	416,222	338,272
Interest received	4,329	3,732
Interest paid	(7,724)	(7,108)
Income tax paid	(58,668)	(87,356)
Net cash generated from operating activities	354,159	247,540

(Continued)

SANITAR CO., LTD. AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets measured at amortized cost	$ 5,164	$(8,510)
Acquisition of financial assets measured at FVTOCI	(10,000)	-
Acquisition of investments accounted for using the equity method	-	(2,694)
Acquisitions of property, plant and equipment	(19,788)	(28,098)
Proceeds from disposal of property, plant and equipment	387	46,515
Increase in refundable deposits	(3,246)	(1,226)
Acquisition of intangible assets	(4,895)	(631)
Increase in other non-current assets	(5,065)	(7,547)
Increase in prepayments for equipment	1,471	(3,227)
Net cash used in investing activities	(35,972)	(5,418)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(156,619)	(97,823)
Increase in long-term borrowings	-	130,000
Decrease in long-term borrowings	(67,620)	(15,047)
Increase in guarantee deposits	22	-
Repayments of the principal portion of lease liabilities	(17,761)	(14,784)
Dividends paid to owners of the Company	(144,152)	(144,152)
Increase in non-controlling interests	-	6,443
Net cash used in investing activities	(386,130)	(135,363)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	45,103	(3,389)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,840)	103,370
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	268,186	164,816
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 245,346	$ 268,186

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

SANITAR CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Sanitar Co., Ltd. (the "Company") started operations from 1985 and was originally under the name Liantuo Jingye Co., Ltd., which was mainly engaged in the manufacturing and sale of sanitary porcelain products. On January 26, 1988, the Company was reorganized and established itself as Sanken Industrial Co., Ltd. Since 2003, it was renamed as Sanitar Co., Ltd. The Company mainly sells bathroom fixtures, such as bathtubs, toilets, and copper faucets, etc.

The Company's shares were previously listed on the Taipei Exchange (formerly the Taiwan GreTai Securities Market) from August 2011 but since October 2003 have transferred listing to the Taiwan Stock Exchange (TWSE).

The consolidated financial statements of the Company and its subsidiary (collectively referred to as the "Group") are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on February 24, 2023.

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

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

   The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Presentation of Financial Statements”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of accounting estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023 (Note 3)

Note 1: This amendment applies to annual reporting periods beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023.

Note 3: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred income tax on temporary differences in lease and decommissioning obligations on January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the 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:

- Accounting policy information relating to immaterial transactions, other events or conditions is immaterial and that the Company is not required to disclose such information.
- The 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.
- 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:

a) The Company changes its accounting policy during the reporting period and the change results in a material change in financial statement information;
b) The Company selects its applicable accounting policy from the options permitted by the standard;
c) The 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";

d) The Company discloses a relevant accounting policy that requires the application of significant judgement or assumptions; or

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

2) 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 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.

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

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Lease liabilities in sale and leaseback”	January 1, 2024(Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Non-current liabilities with contractual terms”	January 1, 2023

(Concluded)

Note 1: Unless otherwise specified, the above newly issued/amended/revised standards or interpretations are effective for the annual reporting period beginning after the respective respective dates.

Note 2: The seller and lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the date of initial application of IFRS 16.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed by the FSC with the effective dates.

b. Basis of preparation

Except for the financial instruments measured at fair value, the consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e. its subsidiary). Adjustments are made to the financial statements of its subsidiary to bring their accounting policies into line with those used by the Group.

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

See Note 11 and Table 4 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rate at the date of the transaction.

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

f. Inventories

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

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other identical categories of property, plant and equipment, commences when the assets are available for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

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

j. Financial instruments

Financial assets and financial liabilities shall be recognized when the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

The types of financial assets held by the Consolidated Company are investments in equity instruments at FVTPL and financial assets measured at amortized cost.

<u>I.Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include mandatory fair value through profit or loss and financial assets designated as fair value through profit or loss. Financial assets that are mandatory to be measured at fair value through profit or loss include equity instrument investments that are not designated as measured at fair value through other comprehensive profit or loss, and debt instrument investments that do not qualify for classification as measured at amortized cost or at fair value through other comprehensive profit or loss .

A financial asset is designated on original recognition as fair value through profit or loss if that designation would eliminate or significantly reduce the measurement or recognition inconsistency.

Financial assets at fair value through profit or loss are measured at fair value, with dividends, interest and remeasurement gains or losses recognized in other gains and losses/dividends and interest arising are recognized in other income and interest income, respectively , the gains or losses arising from re-measurement are recognized in other gains and losses. For the determination method of fair value, please refer to Note 25 "Financial Instruments".

II. Financial assets at amortized cost

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

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

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

The credit-impaired financial assets mean that issuers or debtors already suffered hard-up financial standing or default, or an event where a debtor was about to run into bankruptcy or proceed with financial reorganization, or the hard-up financial standing leading to loss of active market of the assets.

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

b) Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including notes receivable, accounts receivable and other receivables).

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

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

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

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset.

c) Derecognition of financial assets

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

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

On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are carried at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of bathroom fixtures such as porcelain toilets and water outlets. Sales of sanitary equipment are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

l. Leases

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

1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. 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) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

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

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.

m. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period or in the period of the revision and future periods if the revision affects both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Petty cash and revolving funds	$ 3,049	$ 1,791
Checking accounts and demand deposits	214,667	234,022
Cash equivalents		
Time deposits with original maturities of less than 3 months	27,630	32,373
	$245,346	$268,186

7. FINANCIAL ASSETS MEASURED AT FVTPL

	December 31	
	2022	**2021**
Financial asset at FVTPL		
Non-derivative financial asset		
Listed and OTC stocks	$ 125,00	$ -

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	**2021**
Current		
Time deposits with original maturities of more than 3 months	$ 59,545	$ 64,709

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2022	**2021**

Notes receivable

Operating	$ 25,282	$ 20,064

Accounts receivable

Unrelated parties	$312,668	$287,861
Less: Allowance for impairment loss	(7,750)	(8,700)
	$304,918	$279,161
Related parties	$ 2,917	$ 5,698

The average credit period of sales of goods was 30-90 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions, and according to which, the management distinguish all the customers into different risk group, and recognize the allowance for impairment loss calculated at the rate of the expected credit loss for each group.

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

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2022

	Not Past Due	Past Due 1 to 180 Days	Past Due Over 180 Days	Total
Gross carrying amount	$ 304,562	$ 8,887	$ 2,136	$ 315,585
Loss allowance (Lifetime expected credit losses)	(3,593)	(2,602)	(1,555)	(7,750)
Amortized cost	$ 300,969	$ 6,285	$ 581	$ 307,835

December 31, 2021

	Not Past Due	Past Due 1 to 180 Days	Past Due Over 180 Days	Total
Gross carrying amount	$ 273,464	$ 16,324	$ 3,771	$ 293,559
Loss allowance (Lifetime expected credit losses)	(4,664)	(1,235)	(2,801)	(8,700)
Amortized cost	$ 268,800	$ 15,089	$ 970	$ 284,859

The movements of the loss allowance of accounts receivable were as follows:

	Notes Receivable	Accounts Receivable	Overdue Receivables
Balance at January 1, 2022	$ -	$ 8,700	$ 1,302
Add: Net remeasurement of loss allowance	-	-	385
Less: Write off	-	-	(102)
Less: Net remeasurement of loss allowance	-	(967)	-
Foreign exchange gains and losses	-	17	32
Balance at December 31, 2022	$ -	$ 7,750	$ 1,617

	Notes Receivable	Accounts Receivable	Overdue Receivables
Balance at January 1, 2021	$ -	$ 4,431	$ 1,324
Add: Net remeasurement of loss allowance	-	4,270	-
Less: Net remeasurement of loss allowance	-	-	(21)
Foreign exchange gains and losses	-	(1)	(1)
Balance at December 31, 2021	$ -	$ 8,700	$ 1,302

The Group did not have any notes receivable, accounts receivable and overdue receivables that were pledged as collateral.

10. INVENTORIES

	December 31	
	2022	2021
Raw materials	$125,782	$171,011
Work in progress	89,121	55,143
Finished goods	233,113	153,050
Merchandise inventories	326,421	361,041

	2022	2021
	$774,437	$740,245

The allowance for impaired inventory as of December 31, 2022 and 2021 is $52,330 thousand and $45,287 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 are as follows:

	For the Year Ended December 31	
	2022	**2021**
Inventory write-downs (reversed)	$ 6,216	$ 8,700
Loss (gain) on physical counts	5,101	1,204
Loss on retirement of inventory	4,140	1,964
Revenue from sale of scraps	-	-
	$ 15,457	$ 11,868

The inventories pledged as collateral for bank borrowings are set out in Note 27.

11. SUBSIDIARIES

a. Subsidiary included in the consolidated financial statements

The present consolidated financial reports were prepared for the following key entities:

Investor	Investee	Main Business	% of Ownership December 31 2022	% of Ownership December 31 2021
Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Manufacturing and sales	99.9993	99.9993
Sanitar Co., Ltd.	KaiSheng Sanitary Ware Co., Ltd.	Sales	51	51
Sanitar Co., Ltd.	Amsalp Biomedical Corporation	Atmospheric plasma technology	44 (Note 1)	44

Note 1: Considering the operation strategy, the consolidated company purchased 132,176 shares of Amsalp Biomedical Corporation. in June 2021, and its shareholding ratio increased from 24.87% to 44.00%.

1) On November 4, 2020, the Board of Directors resolved to establish KaiSheng Sanitary Ware Co., Ltd. as a distribution base in Taoyuan through investment by the 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. The Company 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 KaiSheng Sanitary Ware Co., Ltd.

2) In the first quarter of 2021, the Company purchased 29,983 shares of Amsalp Biomedical Corporation. from a non-affiliated person, totaling 622 thousands, and the shareholding ratio increased from 18.20% to 24.87%. The above transaction changes the control of the consolidated company over the company, because it has substantial influence in substance, at the date of significant influence acquired, the original investment will be converted into an “investment accounted for using equity method” based on the fair value at that day, and all relevant other comprehensive loss of 1,298 thousands were carried forward to “retained earnings”. In the second quarter, 132,176 shares of Amsalp Biomedical Corporation. were purchased, totaling 2,072 thousands, resulting in an increase in the shareholding ratio from 24.87% to 44.00%. After considering the absolute number, relative number and distribution of voting rights, and more than half of the board of directors, judged that the consolidated company has the substantial ability to lead the relevant activities of the subsidiary of Amsalp Biomedical Corporation., so it has been listed as a subsidiary since June 2021.

3) In September 2021, the consolidated company assessed that the book value of the investment in Amsalp Biomedical Corporation. had been impaired, and fully recognized the impairment loss. From January 1, 2021 to December 31, 2021, the recognized impairment loss was 3,183 thousands. Please refer to Note 21.

4) The financial statements and related information for the year ended December 31, 2022and 2021 of the companies included in the consolidated financial statements have been audited by CPAs.

b. Subsidiaries excluded from the consolidated financial statements: None

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Transportation Equipment	Other Equipment	Leasehold Improvements	Construction in Progress	Total
Cost								
Balance on January 1, 2022	$ 206,158	$ 757,171	$ 476,719	$ 71,338	$ 26,682	$ 45,966	$ 452	$ 1,584,486
Additions	-	1,178	7,959	5,336	3,844	1,170	301	19,788
Disposals	-	-	(12,068)	(3,895)	(32)	-	-	(15,995)
Reclassification	-	-	46,994	-	277	-	(678)	46,593
Effect of foreign currency exchange differences	-	36,216	34,235	2,349	1,039	87	24	73,950
Balance on December 31, 2022	$ 206,158	$ 794,565	$ 553,839	$ 75,128	$ 31,810	$ 47,223	$ 99	$ 1,708,822
Accumulated depreciation								
Balance on January 1, 2022	$ -	$ 194,303	$ 319,188	$ 41,830	$ 16,263	$ 19,607	$ -	$ 591,191
Depreciation expense	-	31,732	37,967	8,213	2,638	9,817	-	90,367
Disposals	-	-	(12,068)	(3,895)	(32)	-	-	(15,995)
Effect of foreign currency exchange differences	-	11,122	22,861	1,299	(609	32	-	35,923
Balance on December 31, 2022	$ -	$ 237,157	$ 367,948	$ 47,447	$ 19,478	$ 29,456	$ -	$ 701,486
Carrying amount at December 31, 2021 and January 1, 2022	$ 206,158	$ 562,868	$ 157,531	$ 29,508	$ 10,419	$ 26,359	$ 452	$ 993,295
Carrying amount at December 31, 2022	$ 206,158	$ 557,408	$ 185,891	$ 27,681	$ 12,332	$ 17,767	$ 99	$ 1,007,336
Cost								
Balance on January 1, 2021	$ 243,280	$ 770,216	$ 468,741	$ 65,914	$ 22,412	$ 32,488	$ 7,590	$ 1,610,641
Additions	-	2,872	4,856	8,728	4,797	6,845	-	28,098
Disposals	(37,122)	(14,980)	-	(3,239)	(497)	-	-	(55,838)
Reclassification	-	501	3,992	-	-	6,636	(7,137)	3,992
Effect of foreign currency exchange differences	-	(1,438)	(870)	(65)	(30)	(3)	(1)	(2,407)
Balance on December 31, 2021	$ 206,158	$ 757,171	$ 476,719	$ 71,338	$ 26,682	$ 45,966	$ 452	$ 1,584,486
Accumulated depreciation								
Balance on January 1, 2021	$ -	$ 170,363	$ 282,547	$ 37,472	$ 13,172	$ 10,366	$ -	$ 513,920
Depreciation expense	-	30,749	37,267	7,633	3,604	9,242	-	88,495
Disposals	-	(6,506)	-	(3,239)	(497)	-	-	(10,242)
Effect of foreign currency exchange differences	-	(303)	(626)	(36)	(16)	(1)	-	(982)
Balance on December 31, 2021	$ -	$ 194,303	$ 319,188	$ 41,830	$ 16,263	$ 19,607	$ -	$ 591,191
Carrying amount at December 31, 2020 and January 1, 2021	$ 243,280	$ 599,853	$ 186,194	$ 28,442	$ 9,240	$ 22,122	$ 7,590	$ 1,096,721
Carrying amount at December 31, 2021	$ 206,158	$ 562,868	$ 157,531	$ 29,508	$ 10,419	$ 26,359	$ 452	$ 993,295

The listed property, plant and equipment in 2021 and 2020 are assessed by management, and there are no signs of impairment.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Office main buildings	50-55 years
Factory buildings	50 years
Others	2-50 years
Machinery	1-25 years
Transportation equipment	3-25 years
Office equipment	1-10 years
Leasehold improvements	4.25-5 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 27.

The Company leases the roof of the factory building in Zaoqiao Township under an operating lease, which is used to set up a solar photovoltaic system to generate electricity which is then sold to Taiwan Power Company. The lease period starts on March 14, 2019, which is the date of commercial operations of the solar photovoltaic system, and ends 20 years later. The lessee does not have bargain purchase options to acquire the asset at the end of the lease period.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	For the Year Ended December 31	
	2022	**2021**
Year 1	$ 530	$ 530
Year 2	530	530
Year 3	530	530
Year 4	530	530
Year 5	530	530
Year 6 onwards	5,830	6,360
	$ 8,480	$ 9,010

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	Land	**Buildings**	**Transportation equipment**	**Total**
Cost				
Balance on January 1, 2022	$ 111,558	$ 80,139	$ 493	$ 192,190
Additions	-	16,473	-	16,473
Disposals	-	-	(493)	(493)
Reclassification	-	(6,715)	-	(6,715)
Effect of foreign currency exchange differences	7,795	1,631	-	9,426
Balance on December 31, 2022	$ 119,353	$ 91,528	$ -	$ 210,881
Accumulated depreciation				
Balance on January 1, 2022	$ 20,951	$ 36,027	$ 246	$ 57,224
Depreciation expense	3,132	17,670	247	21,049
Disposals	-	-	(493)	(493)
Reclassification	-	(6,715)	-	(6,715)
Effect of foreign currency exchange differences	1,532	405	-	1,937
Balance on December 31, 2022	$ 25,615	$ 47,387	$ -	$ 73,002
Carrying amount at December 31, 2021 and January 1, 2022	$ 90,607	$ 44,112	$ 247	$ 134,966
Carrying amount at December 31, 2022	$ 93,738	$ 44,141	$ -	$ 137,879

(Continued)

	Land	Buildings	Transportation equipment	Total
Cost				
Balance on January 1, 2021	$ 111,758	$ 63,587	$ -	$ 175,345
Additions	-	16,629	493	17,122
Effect of foreign currency exchange differences	(200)	(77)	-	(277)
Balance on December 31, 2021	$ 111,558	$ 80,139	$ 493	$ 192,190
Accumulated depreciation				
Balance on January 1, 2021	$ 17,992	$ 21,046	$ -	$ 39,038
Depreciation expense	3,000	15,008	246	18,254
Effect of foreign currency exchange differences	(41)	(27)	-	(68)
Balance on December 31, 2021	$ 20,951	$ 36,027	$ 246	$ 57,224
Carrying amount at December 31, 2020 and January 1, 2021	$ 93,766	$ 42,541	$ -	$ 136,307
Carrying amount at December 31, 2021	$ 90,607	$ 44,112	$ 247	$ 134,966

(Concluded)

Except for the additions and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the right-of-use assets of the Consolidated Company in 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amounts		
Current	$ 17,361	$ 15,850
Non-current	$ 62,241	$ 61,675

Range of discount rate for lease liabilities was as follows:

	For the Year Ended December 31	
	2022	2021
Land	8.37%	8.37%
Buildings	1.63%-8.37%	1.66%-8.37%
Transportation equipment	-%	1.615%

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Low-value asset lease expenditure	$ 1,413	$ 2,657
Short-term lease expenditure	$ 654	$ 346
Total cash outflow for leases	($ 19,828)	($ 21,375)

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

14. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance on January 1, 2022	$ 21,042
Additions	4,895
Reclassification	2,317
Effect of foreign currency exchange differences	1,306
Balance on December 31, 2022	$ 29,560
Accumulated amortization	
Balance on January 1, 2022	$ 9,570
Amortization expense	4,485
Effect of foreign currency exchange differences	598
Balance on December 31, 2022	$ 14,653
Carrying amount at December 31, 2021 and January 1, 2022	$ 11,472
Carrying amount at December 31, 2022	$ 14,907

(Continued)

	Computer Software
Cost	
Balance on January 1, 2021	$ 12,467
Additions	631
Reclassification	7,964
Effect of foreign currency exchange differences	(20)
Balance on December 31, 2021	$ 21,042
Accumulated amortization	
Balance on January 1, 2021	$ 6,993
Amortization expense	2,664
Reclassification	(69)
Effect of foreign currency exchange differences	(18)
Balance on December 31, 2021	$ 9,570
Carrying amount at December 31, 2020 and January 1, 2021	$ 5,474
Carrying amount at December 31, 2021	$ 11,472

(Concluded)

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-3 years

15. OTHER ASSETS

	December 31	
	2022	2021
Current		
Purchase tax	$ 7,426	$ 12,405
Others	1,056	1,036
	$ 8,482	$ 13,441

(Continued)

	December 31	
	2022	2021
Non-current		
Long-term prepayments	$ 22,454	$ 19,706
Overdue receivables	1,617	1,302
Less: Allowance for bad debts - overdue receivables	(1,617)	(1,302)
	$ 22,454	$ 19,706

(Concluded)

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Secured borrowings (Note 27)		
Bank loans	$ 90,000	$246,619

The range of interest rates of bank revolving loans was 1.38%-1.60% and 0.85%-1.30% per amount at December 31, 2022 and 2021, respectively.

b. Long-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Bank of Taiwan		
Medium-term operating loan, the loan amount is 30,000 thousands, the 2022 annual interest rate is raised from 1.25% to 1.50%, the loan period is from January 15, 2021 to January 15, 2026, the principal and interest are repaid monthly	$ 18,500	$ 24,500
Shanghai Commercial & Savings Bank, Ltd		
Medium-term operating loan, the loan amount is 30,000 thousands, the 2022 annual interest rate is raised from 1.35% to 1.475%, the loan period is from May 17, 2021 to May 17, 2024, the principal and interest are repaid monthly	14,167	24,167

(Continued)

	December 31	
	2022	2021
Mega International Commercial Bank Co., Ltd.		
Medium-term operating loan, the loan amount is 20,000 thousands, the 2022 annual interest rate is raised from 1.00% to 1.6%, the loan period is from August 2, 2021 to August 2, 2026, the principal and interest are repaid monthly	$ 14,666	$ 18,667
Hua Nan Commercial Bank Ltd		
Medium-term operating loan, the loan amount is 50,000 thousands, the 2022 annual interest rate is raised from 1.24% to 1.38%, the loan period is from August 13, 2021 to August 13, 2028, the principal and interest are repaid monthly	-	47,619
Less: Current portion	(20,000)	(27,143)
	$ 27,333	$ 87,810

(Concluded)

17. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable		
Operating	$108,148	$138,436

Accounts payable were paid according to the contract terms. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries and bonuses	$ 58,311	$ 61,062
Payables for employees' bonus	19,199	9,190
Payables for remuneration of directors and supervisors	7,880	5,773
Payables for freight expenses	5,771	5,723
Payables for advertising fees	3,475	5,402
Others	35,377	36,888
	$130,013	$124,038

19. EQUITY

a. Share capital

Ordinary shares

	December 31 2022	December 31 2021
Shares authorized (in thousands of shares)	100,000	100,000
Shares authorized (in thousands of NT$)	$ 1,000,000	$ 1,000,000
Shares issued and fully paid (in thousands of shares)	72,600	72,600
Shares issued and fully paid (in thousands of NT$)	$ 726,000	$ 726,000

A holder of issued ordinary shares with par value of NT$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	December 31 2021	December 31 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)		
Issuance of ordinary shares	$254,700	$254,700
Consolidation excess	9,481	9,481
employee stock options lapsed	13,271	13,271
	$277,452	$277,452

Note: Such capital surplus may be used to offset a deficit; in addition when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit until the reserve equals the Company's paid-in capital; the Company shall set aside or reverse a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The Company's dividends policy is based on the current and future development plans, taking into account of the investment environment, capital needs and domestic and international competition, as well as considering the interests of the shareholders. Resolution on the distribution of dividends to shareholders every year on the basis of not less than 50% of the net profit after tax for the current period; however, the case when the distributable surplus is less than the net profit for the current period is excluded. When the Company distributes dividends to shareholders, it can be in the form of cash or stock, in which cash dividends are not less than 10% of total stock dividends; however, the case when stock dividends are less than $1 per share is excluded.

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

When the merged company withdraws the special surplus reserve for the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient to provide it, it is calculated from the net profit after tax of the current period.Items other than subsequent net profit are included in the amount of undistributed surplus for the current period.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on May 26, 2022 and July 7, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 22,007	$ 22,009
Special reserve	($ 900)	$ 71,429
Cash dividends	$144,152	$144,152
Cash dividends per share (NT$)	$ 2.00	$ 2.00

The appropriation of earnings for 2022 had been proposed by the Company's board of directors on February 24, 2023. The appropriations and dividends per share were as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 29,083
Special reserve	($ 70,330)
Cash dividends	$165,775
Cash dividends per share (NT$)	$ 2.30

The appropriation of earnings for 2022 are subject to the resolution of the shareholders' meeting to be held on May 30, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 237,459	$ 166,030
Reversal of special reserve according to law		
Appropriation in respect of:		
Debit to other equity items	(900)	71,429
Balance at December 31	$ 236,559	$ 237,459

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	($ 236,559)	($ 234,721)
Exchange differences on translating the financial statements of foreign operations	87,913	(2,297)
Income tax related to losses arising on translating the financial statements of foreign operations	(17,583)	459
Balance at December 31	($ 166,229)	($ 236,559)

2) Unrealized gains or losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ -	($ 2,738)
Generated in the period		
Unrealized gains or losses		
Equity instrument	-	-
Share of the translation differences of the associates for using equity method	-	2,738
Balance at December 31	$ -	$ -

f. Treasury shares

Purpose of Buy-back	**Shares Transferred to Employees (In Thousands of Shares)**
Number of shares at January 1, 2022	-
Increase during the year	524
Number of shares at December 31, 2022	524

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

g. Non-controlling interests

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 22,635	$ 12,712
Attributable to non-controlling interests:		
Non-controlling interests arising from acquisition of subsidiaries - Kaisheng (Note 11)	-	4,900
Non-controlling interests arising from acquisition of subsidiaries - Amsalp (Note 11)	-	1,543
Share in profit for the year	4,464	3,480
Balance at December 31	$ 27,099	$ 22,635

20. REVENUE

	For the Year Ended December 31	
	2022	**2021**
Revenue from contracts with customers		
Porcelain sanitary ware	$ 1,262,397	$ 1,133,981
Water outlets	602,330	542,094
Electronic automated products	274,246	254,458
Bathtubs	73,742	71,979
Others	456,891	370,126
	$ 2,669,606	$ 2,372,638

Contract balances

	December 31		
	Dec. 31 2022	**Dec. 31 2021**	**Jan. 1 2021**
Accounts receivable	$ 307,835	$ 284,859	$ 231,185
Contract liabilities			
Receipts in advance	$ 7,633	$ 18,212	$ 5,412

The contract revenue of customers transferred from contract liabilities in 2022 and 2021 was $14,572 thousand and $4,183 thousand, respectively.

21. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations attributable to:

a. Other gains and losses

	For the Year Ended December 31	
	2022	**2021**
Compensation loss	$ -	($ 105)
Gain on disposal of property, plant and equipment	387	919
Impairment loss on investment accounted for using equity method	-	(3,183)
	$ 387	($ 2,369)

b. Employee benefits expense, depreciation and amortization

	For the Year Ended December 31					
	2022			**2021**		
	Operating Costs	**Operating Expenses**	**Total**	**Operating Costs**	**Operating Expenses**	**Total**
Employee benefits						
Salary expense	$172,670	$216,947	$389,617	$147,041	$196,689	$343,730
Employee insurance expense	19,602	21,429	41,031	18,988	16,347	35,335
Post-employment benefits						
Defined contribution plans	1,498	5,044	6,542	1,543	4,585	6,128
Other employee benefits expense	8,691	11,416	20,107	9,257	9,733	18,990
Total employee benefits expense	$202,461	$254,836	$457,297	$176,829	$227,354	$404,183
Depreciation expenses						
Property, plant and equipment	$ 58,883	$ 34,484	$ 90,367	$ 54,232	$ 34,263	$ 88,495
Right-of-use assets	2,275	18,774	21,049	2,180	16,074	18,254
	$ 58,158	$ 53,258	$111,416	$ 56,412	$ 50,337	$106,749
Amortization expenses	$ 2,159	$ 2,326	$ 4,485	$ 713	$ 1,951	$ 2,664

c. Employees' compensation and remuneration of directors and supervisors

The company and KaiSheng Sanitary Ware Co., Ltd. accrued employees' compensation and remuneration of directors at rates no lower than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on February 24, 2022 and February 25, 2021, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	**2021**
Employees' compensation	4.75%	3%
Remuneration of directors and supervisors	2%	2%

Amount

	For the Year Ended December 31	
	2022	**2021**
	Cash	**Cash**
Employees' compensation	$ 18,714	$ 8,659
Remuneration of directors	7,880	5,773

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022 and 2021.

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

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current period	$ 74,180	$ 61,456
Income tax on unappropriated earnings	3,121	-
Adjustments for prior periods	1,431	(640)
	78,732	60,816
Deferred tax		
In respect of the current year	7,941	637
Foreign withholding tax that cannot be deducted	1,467	1,405
Income tax expense recognized in profit or loss	$ 88,140	$ 62,858

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	$383,431	$287,706
Income tax expense calculated at the statutory rate	$ 76,577	$ 57,761
Nondeductible expenses and losses in determining taxable income	(1,771)	(1,806)
Income tax on unappropriated earnings	3,121	-
Unrecognized temporary differences	(254)	6,138
Foreign withholding tax that cannot be deducted	1,467	1,405
Net increase in deferred tax assets and liabilities	7,569	-
Adjustments for prior years' tax	1,431	(640)
Income tax expense recognized in profit or loss	$ 88,140	$ 62,858

In accordance with rule 512/CT-TTHT issued by the Dong Nai Provincial Taxation Bureau of the General Administration of Taxation of the Socialist Republic of Vietnam, when the export volume of products that were in the initial investment categories of Vietnam Caesar Sanitary Wares Joint Stock Company reach 50% or more, they are eligible for a preferential tax rate of 15%. Additional investments are not eligible for the preferential tax rate, and the tax rate of 20% applies.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Translation of foreign operations	($ 17,583)	$ 459

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities	$ 48,047	$ 26,358

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Effect of Exchange Rate Changes	Balance, End of Year
Deferred tax assets					
Temporary differences					
Allowance for bad debts	$ 1,750	($ 393)	$ -	$ 22	$ 1,379
Unrealized loss for market price decline and obsolete and slow-moving inventory	5,710	1,155	-	137	7,002
Exchange difference on translation of the financial statements of foreign operations	59,140	-	(17,583)	-	41,557
Unrealized foreign exchange losses	48	(48)	-	-	-
Unrealized Gross profit	720	726	-	-	1,446
	$ 67,368	$ 1,440	($ 17,583)	$ 159	$ 51,384
Deferred tax liabilities					
Temporary differences					
Investment income recognized using equity method (foreign investment)	$ 174,672	$ 9,239	$ -	$ -	$ 183,911
Unrealized foreign exchange gains	20	142	-	1	163
	$ 174,692	$ 9,381	$ -	$ 1	$ 184,074

For the year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Effect of Exchange Rate Changes	Balance, End of Year
Deferred tax assets					
Temporary differences					
Allowance for bad debts	$ 1,031	$ 719	$ -	$ -	$ 1,750
Unrealized loss for market price decline and obsolete and slow-moving inventory	3,934	1,782	-	(6)	5,710
Exchange difference on translation of the financial statements of foreign operations	58,681	-	459	-	59,140
Amortization of prepaid rents	-	48	-	-	48
Unrealized foreign exchange losses	-	720	-	-	720
Others					
	$ 63,646	$ 3,269	$ 459	($ 6)	$ 67,368
Deferred tax liabilities					
Temporary differences	$ 170,719	$ 3,953	$ -	$ -	$ 174,672
Investment income recognized using equity method (foreign investment)	67	(47)	-	-	20
Unrealized foreign exchange gains					
	$ 170,786	($ 3,906)	$ -	$ -	$ 174,692
	$ 1,031	$ 719	$ -	$ -	$ 1,750

e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Deductible temporary differences	$ 4,515	$ 4,293

f. Income tax assessment

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

23. EARNINGS PER SHARE

a. Basic earnings per share

The earnings and weighted average number of ordinary shares outstanding used in the computation of basic earnings per share are as follows:

	For the Year Ended December 31	
	2022	**2021**
Net profit for the year	$290,827	$221,368
Weighted average number of ordinary shares used in the computation of basic earnings per share (in thousands of shares)	72,076	72,076
Basic earnings per share (NT$)	$ 4.04	$ 3.07

b. Diluted earnings per share

The earnings and weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share were as follows:

	For the Year Ended December 31	
	2022	**2021**
Net profit attributable to owners of the Company	$290,827	$221,368
Weighted average number of ordinary shares used in the computation of basic earnings per share	72,076	72,076
Effect of potentially dilutive ordinary shares (in thousands of shares)		
Employees' compensation or bonuses issued to employees (in thousands of shares)	539	296
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands of shares)	72,615	72,372
Diluted earnings per share (in NT$)	$ 4.01	$ 3.06

When calculating EPS, the Company considers the shares which associates hold as the treasury shares to reduce the outstanding shares.

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The Group is currently in a stable phase of business, and manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group adopts a prudent risk management strategy and regularly reviews it. The Group also makes an overall plan based on business development strategies and operating needs to determine the appropriate capital structure.

25. FINANCIAL INSTRUMENTS

a. Fair value information

1) Financial instruments not measured at fair value

The Group believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value will be close to their fair values.

2) Financial instruments measured at fair value

Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Investments in equity instruments				
Domestic OTC stocks	$ 12,500	$ -	$ -	$ 12,500

December 31, 2021:None.

There were no transfers between Level 1 and 2 for the years ended December 31, 2022 and 2021.

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
FVTPL		
FVTPL	$ 12,500	$ -
Financial assets at amortized cost		
Cash and cash equivalents	245,346	268,186
Financial assets at amortized cost - current	59,545	64,709
Notes receivable, net	25,282	20,064

Accounts receivable, net	304,918	279,161
Accounts receivable from related parties	2,917	5,698
Other receivables	1,806	1,156
Other receivables from related parties	20	14

Financial liabilities	**December 31**	
	2022	**2021**
Amortized cost		
Short-term borrowings	$ 90,000	$ 246,619
Notes receivable	4,147	-
Accounts payable	108,148	138,436
Other payables	130,013	124,038
Long-term liabilities - current portion	20,000	27,143
Long-term borrowings	27,333	87,810

c. Financial risk management objectives and policies

The Group is committed to ensuring that they have sufficient and cost-effective working capital needed for operations. The Group prudently manages market risks (including foreign currency exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk related to operating activities, in order to mitigate the potential adverse impact of market uncertainty on the Group's financial position.

1) Market risk

a) Foreign currency risk

The Group mainly focuses on the domestic market. Both foreign sales and purchases are quoted in foreign currencies. The Group adopts a natural hedge method that offsets foreign currency revenues and expenditures, resulting in relatively small foreign currency net positions. Therefore, fluctuations in exchange rates have not significantly affected the financial position of the Group. In addition, the Group continues to pay attention to exchange rate fluctuations in order to reduce the impact of exchange rate fluctuations on the Group.

For the carrying amounts of the Group’s monetary assets and monetary liabilities denominated in foreign currencies at the balance sheet date, please refer to Note 29.

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated for foreign currency monetary items at the end of the financial reporting period. When the NTD depreciates/appreciates by 5% against the USD, the Group's profit before income tax for 2022 and 2021 will reduce by $2,941 thousand and $1,197 thousand, respectively.

b) Interest rate risk

The Group continues to reduce borrowings from financial institutions. Therefore, the management of the Group believes that fluctuations in borrowing interest rates have no significant impact on the Group.

c) Other price risk

The group's equity price risk arises from the investments in FVTPL (domestic OTC stocks).

Sensitivity analysis

The following sensitivity analysis was determined based on the exposure to equity price risk at the end of the reporting period.

If the equity price had been 0.5% higher/lower, income before tax for the year ended December 31, 2022 would have increased/decreased by $ 63 thousand, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

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

In order to mitigate credit risk and maintain the quality of receivables, the Group has established procedures for managing credit risk related to operations. In addition, the Group appropriately uses certain credit enhancement tools, such as advance payment terms and obtaining deposits to mitigate customer credit risk. In addition, the Group reviews the recoverable amount of receivables one by one on the balance sheet date to ensure that receivables that cannot be recovered are properly accounted for impairment losses.

In 2022 and 2021, except for Company A, the Group's credit risk concentration of other customers does not exceed 10% of the total receivables. These companies have long-term cooperation and the repayment situation is good, so the relevant credit risk low.

In addition, since the counterparties of working capital are all creditworthy financial institutions, the credit risk is low and no significant credit risk is expected.

3) Liquidity risk

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

As of December 31, 2022 and 2021, the unutilized loan commitments amounted to $1,026,735 thousand and $724,016 thousand, respectively.

The following table is based on the earliest possible repayment period of the Group and is based on the undiscounted cash flows of financial liabilities, including interest and principal cash flows. The Group's working capital is sufficient to cope with the repayments.

December 31, 2022

	Up to 1 Year	Later Than 1 Year and Up to 2 Years	Later Than 2 Years and Up to 3 Years	Over 3 Years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 90,000	$ -	$ -	$ -	$ 90,000
Notes payable	4,147	-	-	-	4,147
Accounts payable	108,148	-	-	-	108,148
Other payables	130,013	-	-	-	130,013
Current tax liabilities	48,047	-	-	-	48,047
Lease liabilities - current	17,361	-	-	-	17,361
Long-term liabilities -current portion	20,000			-	20,000
Other current liabilities	4,162	-	-	-	4,162
Long-term borrowings	-	14,367	10,088	3,178	27,633
Lease liabilities - non-current	-	17,512	11,783	67,945	97,240

December 31, 2021

	Up to 1 Year	Later Than 1 Year and Up to 2 Years	Later Than 2 Years and Up to 3 Years	Over 3 Years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 246,619	$ -	$ -	$ -	$ 246,619
Accounts payable	138,436	-	-	-	138,436
Other payables	124,038	-	-	-	124,038
Current tax liabilities	26,358	-	-	-	26,358
Lease liabilities - current	15,850	-	-	-	15,850
Long-term liabilities -current					

portion					
Other current liabilities	5,430	-	-	-	5,430
Long-term borrowings	-	27,947	21,840	39,977	89,764
Lease liabilities - non-current	-	16,776	13,661	68,169	98,606

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiary, which is a related party of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Jiada Hang Ltd.	Related party in substance - the chairman of which is the spouse of the second-degree relative of the chairman of the Company

b. Operating revenue

		For the Year Ended December 31	
Line Items	Related Party Category/Name	2022	2021
Sales	Related party in substance		
	Jiada Hang Ltd.	$ 44,635	$ 41,423

The terms of the purchase and sale transactions between the Group and its related parties are not significantly different from that of non-related parties.

c. Receivables from related parties (excluding loans to related parties)

		December 31	
Line Items	Related Party Category/Name	2022	2021
Accounts receivable	Related party in substance		
	Jiada Hang Ltd.	$ 2,917	$ 5,698

d. Other receivables

		December 31	
Line Items	Related Party Category/Name	2021	2021
Other receivables	Related party in substance		
	Jiada Hang Ltd.	$ 20	$ 14

e. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 26,803	$ 23,502
Post-employment benefits	406	405
	$ 27,209	$ 23,907

The remuneration of directors and other key managers is determined by the remuneration committee based on individual performance and market trends.

27. ASSETS PLEDGED AS COLLATERAL

a. The following assets were provided as collateral for bank borrowings or as credit guarantee:

	December 31	
	2022	2021
Property, plant and equipment - land	$ 61,652	$ 61,652
Property, plant and equipment - buildings	33,938	34,833
	$ 95,590	$ 96,485

b. As of December 31, 2022 and 2021, in addition to the collateral mentioned above, Vietnam Caesar Sanitary Wares Joint Stock Company provided a credit guarantee of inventory not less than US$1,500 thousand to Shiyue Bank as collateral for borrowings from the bank.

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. As of December 31, 2022 and 2021, Vietnam Caesar Sanitary Wares Joint Stock Company has signed machinery and equipment procurement or engineering contracts with various manufacturers. The total price and related taxes are VND$819,850 thousand. The amounts paid are VND$496,750 thousand (equivalent to NT$637 thousand), which are listed under prepayments for equipment and construction in progress, respectively, according to their nature.

b. As of December 31, 2022 and 2021, the Company’s endorsement guarantees for Vietnam Caesar Sanitary Wares Joint Stock Company's financing loans were NT$61,420 thousand (US$2,000 thousand) and NT$83,040 thousand (US$3,000 thousand), respectively.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31					
	2022			2021		
	Foreign Currency	**Exchange Rate**	**Carrying Amount**	**Foreign Currency**	**Exchange Rate**	**Carrying Amount**
Financial assets						
Monetary items						
USD	$ 2,708	30.71	$ 83,177	$ 4,682	27.68	$ 129,603
Financial liabilities						
Monetary items						
USD	793	30.71	24,349	5,547	27.68	153,552

30. OTHER ITEMS

The Group’s operating revenue is concentrated in Taiwan and Vietnam. The Group evaluates the impact of the global pandemic of COVID-19 and the recent epidemic in our country and Vietnam. As of December 31, 2022, the Group’s cumulative consolidated operating revenue increased by approximately 13% compared to the same period last year, indicating that the epidemic did not have a serious impact on the Group's going concern, assets impairement and financing risk. The Group's has maintained normal working capital, salaries, interest, rent and other expenses, and has not applied to the government for relief.

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and (b.) investees:

1) Financing provided to others: None.

2) Endorsements/guarantees provided: Table 1

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 2.

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the

paid-in capital: None.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

9) Trading in derivative instruments: None.

10) Others: Intercompany relationships and significant intercompany transactions: Table 4

11) Information on investees: Table 5

c. Information on investments in mainland China: None.

d. Information of major shareholders: Names of shareholders with ownership of 5% or more, number of shares owned and the percentage of ownership of each shareholder: Table 6

32. SEGMENT INFORMATION

The Group is an independent operating segment. Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The reportable segments of the Group are as follows:

Financial information by region

The Group's business units are divided into two reportable segments: Taiwan sanitary porcelain segment and Vietnam sanitary porcelain segment, which were mainly engaged in the design, manufacturing and trading of sanitary porcelain and water outlets products. The two reportable segments are treated separately because they have their own independent strategies.

The Group does not allocate income tax expense (benefit) or extraordinary gain or loss to reportable segments. In addition, not all reportable segments’ profit 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 4. The Group'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 Group considers intersegment sales and transfers as transactions with third parties, which are measured at the current market.

Operating segment financial information was as follows:

	Taiwan	Overseas Countries	Adjustment and Write-off	Total
For the Year Ended December 31, 2022				
Revenue				
Revenue from external customers	$ 1,884,885	$ 784,721	$ -	$ 2,669,606
Intersegment revenue	170,068	429,377	(599,445)	-
Total	$ 2,054,953	$ 1,214,098	($ 599,445)	$ 2,669,606
Segment income	$ 379,188	$ 42,734	($ 38,491)	$ 383,431
Total segment assets	$ 2,623,985	$ 1,550,471	($ 1,447,221)	$ 2,727,235
Total segment liabilities	$ 572,482	$ 164,986	($ 33,970)	$ 703,498
For the Year Ended December 31, 2021				
Revenue				
Revenue from external customers	$ 1,627,888	$ 744,750	$ -	$ 2,372,638
Intersegment revenue	14,040	420,975	(435,015)	-
Total	$ 1,641,928	$ 1,165,725	($ 435,015)	$ 2,372,638
Segment income	$ 277,217	$ 28,427	($ 17,938)	$ 287,706
Total segment assets	$ 2,563,120	$ 1,550,192	($ 1,384,464)	$ 2,728,848
Total segment liabilities	$ 737,348	$ 286,496	($ 97,264)	$ 926,580

Information of Major Customers

Single customers contributing 10% or more to the Group’s revenue:

	For the Year Ended December 31	
	2022	2021
Customer A	$488,668	$430,809

SANITAR CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
1	Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Investee accounted for using the equity method	$ 399,327	$ 91,305	$ 61,420	$ -	$ -	3.07	$ 798,655	Y	N	N	Note

Note: The total amount of endorsement of the Company shall not exceed 40% of the net equity of the Company and the endorsement amount of a subsidiary of which more than 50% of its ordinary shares is directly held by the Company shall not exceed 20% of the current net equity of the Company.

TABLE 2

SANITAR CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	DECEMBER 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair value	
	Ordinary shares							
Sanitar Co., Ltd.	Golden Long Teng Development Co., Ltd.	None.	Financial assets at FVTPL - current	1,000,000	$ 12,500	0.54%	$ 12,500	Note

SANITAR CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit price	Payment Terms	Ending Balance	% to Total	
Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Investee accounted for using the equity method	Purchase	$429,376	35.39	Payment within 30 days after shipment, adjusted according to funding needs	Consider the market price and gross profit of the commodity market, in accordance with mutual agreements	Payment within 30 days after shipment, adjusted according to funding needs	Accounts payable $ 587	0.66	Note 1
Sanitar Co., Ltd.	Kaisheng Sanitary Ware Co., Ltd.	Investee accounted for using the equity method	Sale	154,789	8.35	Payment within 30 days after shipment, adjusted according to funding needs	Consider the market price and gross profit of the commodity market, in accordance with mutual agreements	Payment within 30 days after shipment, adjusted according to funding needs	Accounts receivable $ 12,114	5.16	Note 1

Note 1: The related party transactions between subsidiaries have been eliminated.

Note 2: In accordance with mutual agreements, the Company purchases raw materials on behalf of Vietnam Caesar Sanitary Wares Joint Stock Company. The amount of raw materials purchased was $37,526 thousand during the period.

TABLE 4

SANITAR CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Conditions of Transactions			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	1	Other operating revenue	$ 14,676	Payment within 2 months after the end of each quarter, adjusted according to funding needs.	1%
			1	Other receivables - related parties	9,051	-	-
			1	Purchases	429,376	The purchase price was considered the market price and gross profit of the commodity market, in accordance with mutual agreements. Payment within 30 days after shipment, adjusted according to funding needs.	16%
			1	Accounts payable - related parties	587	-	-
			1	Advance payment	12,186		-
		KaiSheng Sanitary Ware Co., Ltd.	1	Sales	154,789	The selling price was considered the market price and gross profit of the commodity market, in accordance with mutual agreements. Payment within 30 days after shipment, adjusted according to funding needs.	6%
			1	Accounts receivable - related parties	12,114	-	-
			1	Other receivables - related parties	31	-	-

Note 1: Companies are numbered as follows:
a. The parent is numbered as “0.”
b. Subsidiaries are numbered from “1” onward.

Note 2: The flow of transactions is as follows:
a. From the parent to the subsidiary.
b. From the subsidiary to the parent.
c. From the subsidiary to the subsidiary.

Note 3: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

Note 4: Significant conditions of transactions in this table may be presented at the company's discretion based on the principle of materiality.

Note 5: In accordance with mutual agreements, the Company purchases raw materials on behalf of Vietnam Caesar Sanitary Wares Joint Stock Company. The amount of raw materials purchased was $100,899 thousand during the period.

SANITAR CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	% (Note 3)	Carrying Amount			
Sanitar Co., Ltd.	Vietnam Caesar Sanitary Wares Joint Stock Company	Vietnam	Manufacture and sale of bathroom fixtures and copper water supply equipment	$ 665,303	$ 665,303	41,878	100	$ 1,377,070	$ 33,871	$ 46,192	Notes 1, 2 and 3
Sanitar Co., Ltd.	Kaisheng Sanitary Ware Co., Ltd.	Taiwan	Sale of bathroom fixtures and copper water supply equipment	18,360	18,360	1,836	51	20,853	8,926	4,552	Note 2
Sanitar Co., Ltd.	Amsalp Biomedical Co., Ltd.	Taiwan	Atmospheric plasma technology	4,396	4,396	244	44	83	159	70	Note 2

Note 1: The difference between the current profit and loss of Vietnam Caesar Sanitary Wares Co., Ltd. and the recognition of investment income of Sanitar Co., Ltd. is the net change of unrealized profits of upstream sales of $12,321 thousand.

Note 2: The investment gains and losses between the merged individuals have been reversed.

Note 3: The ending holding ratio is 99.9993%.

TABLE 6

SANITAR CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hsiao, Chun-Hsiang	5,013,581	6.90

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (includes treasury shares) by the Company as of the last business day of the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.