Stock Code: 1817

Sanitar Co., Ltd.

Parent Company Only Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

(Translation Edition)

Address: 7F., No. 111-8, Xingde Rd., Sanchong Dist., New Taipei City

Tel: (02)85123712

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Accountant's Audit Report

To Sanitar Co., Ltd.:

Audit opinion

I have audited the financial statements of Sanitar Co., Ltd., which comprise the Parent Company Only Statements of Financial Position as of Dec. 31, 2022 and Dec. 31, 2021, the Parent Company Only Statement of Comprehensive Income from Jan. 1 to Dec. 31, 2021 and from Jan. 1 to Dec. 31, 2020, Parent Company Only Statement of Change in Equity, Parent Company Only Statement of Cash Flows, and Parent Company Only Financial Statement Notes (including a summary of significant accounting policies).

In my opinion, the accompanying Parent Company Only Financial Statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers so as to give a true and fair view of the Parent Company Only Financial Position of the Sanitar Co., Ltd. as of December 31, 2022 and 2021, and the Parent Company Only Financial Performance and Cash Flows of Sanitar Co., Ltd. from January 1 to December 31, 2022 and 2021.

Basis for audit opinion

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

Key Audit Matter

The key auditing matter is which that, in my professional judgment, is most significant to my review of the Parent Company Only Financial Statements of

Sanitar Co., Ltd. for 2022. Such matter has been considered in the process of examining the Parent Company Only Financial Statements taken as a whole and forming an opinion thereon, and I do not express an opinion on the matter individually.

The following is the description of the key audit matter in the Parent Company Only Financial Statements of Sanitar Co., Ltd. for 2022:

Key Audit Matter: Authenticity in Sales to Specific Customers

Due to the significant audit risk associated with the revenue recognition under auditing standards, Sanitar Co., Ltd. are mainly dealing with distributors and have added significant sales from specific non-distributor customers, therefore, based on the consideration of the materiality of the financial statements, the authenticity in sales revenue from specific customers with high order amounts and significant new sales in the current year is considered as a key audit matter. Please refer to Notes 4 (11) and 19 to the Parent Company Only Financial Statements.

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

1. To understand, evaluate and test the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. To obtain a detailed sales breakdown from specific customers in fiscal 2021, verify the original orders, delivery notes, invoices and other related documents of the relevant transactions, and verify with the recorded amounts to confirm the authenticity of the revenues.
3. To obtain a breakdown of subsequent sales returns from specific customers, verify the related documents and examine the reasonableness of the returns.

Responsibilities of management and directors for the Parent Company Only Financial Statements

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

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

The responsibilities of the governing body (including Audit Committee) include overseeing the financial reporting process of Sanitar Co., Ltd.

Auditors' responsibilities for the audit of the Parent Company Only Financial Statements

My objectives are to obtain reasonable assurance about whether the Parent Company Only Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken in the basis of these Parent Company Only Financial Statements.

As part of an audit in accordance with GAAS, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

1. Identify and assess the risks of material misstatement of the Parent Company Only Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the internal control effectiveness of Sanitar Co., Ltd.

3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Sanitar Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sanitar Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Parent Company Only Financial Statements (including the relevant notes), and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. I have obtained sufficient and appropriate evidence to audit the Parent Company Only Financial Information of Sanitar Co., Ltd. to express an opinion on the Parent Company Only Financial Statements. I am responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on Sanitar Co., Ltd.

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

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

I have determined the key audit matter for the audit of the Parent Company Only Financial Statements of Sanitar Co., Ltd. for the year ended December 31, 2022 from the communications I have had with the governing body. I identified such matter in my auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, I decided not to communicate those matters in my auditor's report because I reasonably could expect the negative effect of such communication to outweigh the public interest.

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.

Parent Company Only Statement of Financial Position

As of Dec. 31, 2022 and Dec. 31, 2021

Unit: NT$ thousands

Code	Assets	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4, 6 and 24)	$ 125,793	5	$ 151,415	6
1110	Financial asset at fair value through profit or loss-current(Note 4, 7 and 24)	12,500	-	-	-
1150	Notes receivable, net (Note 4, 8 and 24)	15,163	1	14,864	1
1160	Notes receivable due from related parties (Note 4, 8, 24 and 25)	-	-	100	-
1170	Net value of accounts receivable (Note 4, 8, 19 and 24)	204,677	8	182,507	7
1180	Accounts receivable－Related parties, net (Note 4, 8, 19, 24 and 25)	15,031	1	28,503	1
1200	Other receivables (Note 4 and 24)	425	-	469	-
1210	Other receivables－related parties (Note 4, 24 and 25)	9,102	-	53,607	2
130X	Inventory (Note 4 and 9)	218,264	9	251,105	10
1419	Other prepaid expenses	3,867	-	3,319	-
1421	Prepayments(Note 25)	31,669	1	11,307	1
1479	Other current assets－Other (Note 14)	1,145	-	1,170	-
11XX	Total current assets	637,636	25	698,366	28
	Non-current assets				
1550	Investment accounted for using the equity method (Note 4 and 10)	1,398,006	55	1,262,911	51
1600	Property, plant and equipment (Note 4, 11 and 26)	423,226	17	437,920	17
1755	Right-of-use assets (Note 4 and 12)	14,457	1	25,046	1
1780	Intangible assets (Note 4 and 13)	3,175	-	648	-
1840	Deferred income tax assets (Note 4 and 21)	49,138	2	64,994	3
1920	Refundable deposits	8,815	-	5,573	-
1990	Other non-current assets－other (Note 8 and 14)	-	-	-	-
15XX	Total non-current assets	1,896,817	75	1,797,092	72
1XXX	Total assets	$ 2,534,453	100	$ 2,495,458	100

Code	Liabilities and Equity	Dec. 31, 2022 Amount	%	Dec. 31, 2021 Amount	%
	Current liabilities				
2100	Short-term loans (Note 15 and 24)	$ 90,000	7	$ 178,000	7
2130	Contract liabilities - current (Note 4 and 19)	4,935	-	8,131	-
2150	Notes payable (Note 24)	4,147			
2170	Accounts payable (Note 16 and 24)	74,295	4	95,190	4
2180	Accounts payable－related parties (Note 16, 24 and 25)	587	1	21,305	1
2200	Other payables (Note 17 and 24)	73,384	3	72,165	3
2230	Current income tax liabilities (Note 4, 21 and 24)	40,418	1	21,813	1
2280	Lease liabilities - current (Note 4, 12 and 14)	8,652	1	10,752	1
2320	Long-term liabilities-current portion (Note 15 and 24)	20,000	1	27,143	1
2399	Other current liabilities－other (Note 24)	3,615	-	3,796	-
21XX	Total current liabilities	320,033	18	438,295	18
	Non-current liabilities				
2540	Long-term loans (Note 15 and 24)	27,333	1	87,810	3
2570	Deferred income tax liabilities (Note 4 and 21)	184,053	7	174,672	7
2580	Lease liabilities - non-current (Note 4, 12 and 24)	6,396	-	15,048	1
25XX	Non-Total current liabilities	217,782	8	277,530	11
2XXX	Total liabilities	537,815	21	715,825	29
	Equity (Note 4, 18 and 21)				
	Share capital				
3110	Common shares	726,000	29	726,000	29
3200	Additional paid-in capital	277,452	11	277,452	11
	Retained earnings				
3310	Legal reserve	264,584	10	242,577	10
3320	Special reserve	236,559	9	237,459	9
3350	Unappropriated retained earnings	673,946	27	548,378	22
3300	Total retained earnings	1,175,089	46	1,028,414	41
3400	Other equity	(166,229)	(6)	(236,559)	(9)
3500	Treasury shares	(15,674)	(1)	(15,674)	(1)
3XXX	Total equity	1,996,638	79	1,779,633	71
	Total liabilities and equity	$ 2,534,453	100	$ 2,495,458	100

The accompanying notes are part of the parent company only financial statements.

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

Sanitar Co., Ltd.

Parent Company Only Statement of Comprehensive Income

From Jan. 1 to Dec. 31, 2022 and from Jan. 1 to Dec. 31, 2021

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

Code		2022 Amount	2022 %	2021 Amount	2021 %
	Operating revenue (Note IV, XIX and XXV)				
4110	Sales revenue	$ 1,852,975	99	$ 1,603,916	99
4170	Sales return	(2,937)	-	(4,980)	-
4190	Sales allowances	(19,563)	(1)	(17,930)	(1)
4800	Other operating revenue	32,110	2	29,018	2
4000	Total operating revenue	1,862,585	100	1,610,024	100
	Operating costs (Note 9, 20 and 25)				
5110	Cost of sales	(1,241,370)	(67)	(1,053,004)	(66)
5800	Other operating costs	(45,938)	(2)	(48,443)	(3)
5000	Total operating costs	(1,287,308)	(69)	(1,101,447)	(69)
5900	Gross operating profit	575,277	31	508,577	31
5910	Unrealized profit from sales	(3,632)	1	(3,599)	-
5950	Gross profit from operations	571,645	30	504,978	31
	Operating expenses (Note 20)				
6100	Marketing expenses	(156,630)	(8)	(148,452)	(9)
6200	Management expenses	(95,173)	(5)	(85,158)	(5)
6300	R&D expenses	(14,094)	(1)	(10,264)	(1)
6450	Expected credit losses	439	-	(3,940)	-
6000	Total operating expenses	(265,458)	(14)	(247,814)	(15)
6500	Other income and expenses, net (Note XX)	352	-	(2,369)	-
6900	Net operating profit	306,539	16	254,795	16
	Non-operating income and expenses (Note 4)				
7070	Share of profits of subsidiaries and associates	50,814	3	23,775	1
7100	Interest income	464	-	66	-
7110	Rental income	530	-	530	-
7190	Other income	807	-	9	-

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7230	Foreign exchange gain	$ 9,594	-	$ 1,175	-
7235	Financial asset at fair value through profit or loss	2,500		-	-
7510	Interest expense	(3,854)	-	(3,133)	-
7000	Non-operating Total income and expenses	60,855	3	22,422	1
7900	Net profit before tax	367,394	17	277,217	17
7950	Income tax expense (Note 4 and 21)	(76,567)	(4)	(58,849)	(3)
8200	Net income in the fiscal year	290,827	15	221,368	14
	Other comprehensive income (Note 4, 18 and 21)				
8310	Items that will not be reclassified to profit or loss:				
8316	Investment in equity instruments measured at Unrealized gains or losses measured at FVTOCI	-	-	1,440	-
8360	Amount of items that may be reclassified subsequently to profit or loss：				
8380	Share of the other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	87,913	5	(2,297)	-
8399	income tax related to the items that may be reclassified	(17,583)	(1)	459	-
		70,330	4	(1,838)	-
8300	Other comprehensive income in the fiscal year (net value after tax)	70,330	4	(398)	-
8500	Total comprehensive income in the fiscal year	$ 361,157	19	$ 220,970	14
	Earnings per share (Note XXII)				
9750	Basic	$ 4.04		$ 3.07	
9850	Diluted	$ 4.01		$ 3.06	

The accompanying notes are part of the parent company only financial statements.

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

Sanitar Co., Ltd.

Parent Company Only Statement of Changes in Equity

From Jan. 1 to Dec. 31, 2022 and from Jan. 1 to Dec. 31, 2021

Unit: NT$ thousands

		Share capital			Retained earnings			Other equity			
Code		Number of shares (1,000 shares)	Share capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury shares	Total equity
A1	Balance as of Jan. 1, 2021	72,600	$726,000	$ 277,452	$ 220,568	$ 166,030	$ 565,898	($ 234,721)	($ 2,738)	($ 15,674)	$ 1,702,815
	Appropriation and distribution of earnings in 2020										
B1	Legal reserve	-	-	-	22,009	-	(22,009)	-	-	-	-
B3	Special reserve	-	-	-	-	71,429	(71,429)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(144,152)	-	-	-	(144,152)
D1	Net income for 2021	-	-	-	-	-	221,368	-	-	-	221,368
D3	Other comprehensive income after tax, 2021	-	-	-	-	-	-	(1,838)	1,440	-	(398)
D5	2021 The total comprehensive income	-	-	-	-	-	221,368	(1,838)	1,440	-	220,970
Q1	Disposal of investments in equity instrument designated at fair value through other comprehensive income	-	-	-	-	-	(1,298)	-	1,298	-	-
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	(15,674)	(15,674)
Z1	Balance as of Dec. 31, 2021	72,600	726,000	277,452	242,577	166,030	565,898	(234,721)	(2,738)	(15,674)	1,702,815
	Appropriation and distribution of earnings in 2021										
B1	Legal reserve	-	-	-	22,009	-	(22,007)	-	-	-	-
B3	Special reserve	-	-	-	-	(900)	900	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(144,152)	-	-	-	(144,152)
D1	Net income for 2022	-	-	-	-	-	290,827	-	-	-	290,827
D3	Other comprehensive income after tax, 2022	-	-	-	-	-	-	70,330	-	-	70,330
D5	The total comprehensive income in 2022	-	-	-	-	-	290,827	70,330	1,440	-	361,157
Z1	Balance as of Dec. 31, 2022	72,600	$ 726,000	$ 277,452	$ 264,584	$ 236,559	$ 673,946	$ 166,229	$ -	($ 15,674)	$ 1,996,638

The accompanying notes are part of the parent company only financial statements.

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

Sanitar Co., Ltd.

Parent Company Only Statements of Cash Flows

From Jan. 1 to Dec. 31, 2022 and from Jan. 1 to Dec. 31, 2021

Unit: NT$ thousands

Code		2022	2021
	Cash flow from operating activities		
A10000	Net profit before tax in the current period	$ 367,394	$ 277,217
A20010	Income charges (credits)		
A20100	Depreciation expense	33,523	33,838
A20200	Amortization expense	1,472	361
A20300	Expected credit losses	(439)	3,940
A20400	Net profit of financial asset at FVTPL	(2,500)	
A20900	Financial costs	3,854	3,133
A21200	Interest income	(464)	(66)
A22400	Share of the profit or losses of the subsidiaries, associates and joint ventures accounted for using the equity method	(50,814)	(23,775)
A22500	Gain on the disposal of property, plant and equipment	(352)	(919)
A23700	Loss of subsidiaries accounted for using equity method	-	3,183
A23800	Loss from market price decline and obsolete and slow-moving inventory (gain from price recovery)	5,790	2,071
A23900	Unrealized gain from related-sales	3,632	3,599
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	(299)	(1,060)
A31140	Notes receivable-Related parties	100	(100)
A31150	Accounts receivable	(21,465)	(22,954)
A31160	Accounts receivable-Related parties	13,472	(20,130)
A31180	Other receivables	60	(165)
A31190	Other receivables-Related parties	44,505	(23,356)
A31200	Inventory	27,051	(88,471)
A31220	Other prepaid expenses	(548)	(1,134)
A31230	Prepayments	(20,362)	541
A31240	Other current assets	25	990
A31990	Overdue receivables	(266)	125
A32125	Contract liabilities - current	(3,196)	5,639
A32130	Notes payable	4,147	-
A32150	Accounts payable	(20,895)	61,648
A32160	Accounts payable-Related parties	(20,718)	21,305
A32180	Other payables	1,243	10,240
A32230	Other current liabilities	(181)	(3,737)
A33000	Cash from operating activities	363,769	241,963
A33100	Interests received	448	66
A33300	Interests paid	(3,878)	(3,094)
A33500	Income tax paid	(50,308)	(78,983)
AAAA	Net cash inflow from operating activities	310,031	159,952

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Code		2022	2021
	Cash flow from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(10,000)	-
B01800	Acquisition of long-term equity investment accounted for using the equity method	-	(7,794)
B02700	Purchase of property, plant and equipment	(8,240)	(5,916)
B02800	Price for the disposal of property, plant and equipment	352	46,515
B03700	Increase in refundable deposits	(3,242)	(1,153)
B03800	Decrease in refundable deposits	-	300
B04500	Acquisition of intangible assets	(3,999)	-
BBBB	Net cash flow from investing activities (outflow)	(25,129)	31,952
	Cash flow from financing activities		
C00200	Decrease in short-term loans	(88,000)	(55,000)
C01600	Proceeds from long-term loans	-	129,000
C01700	Repayments of long-term loans	(67,620)	(14,047)
C04020	Repayment of lease principal	(10,752)	(10,095)
C04500	Payment of cash dividends for the owners of the Company	(144,152)	(144,152)
CCCC	Cash inflow (outflow) from financing activities	(310,524)	(94,294)
EEEE	Increase (decrease) in cash and cash equivalents	(25,622)	97,610
E00100	Beginning balance of cash and cash equivalents	151,415	53,805
E00200	Ending balance of cash and cash equivalents	$ 125,793	$ 151,415

The accompanying notes are part of the parent company only financial statements.

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

Sanitar Co., Ltd.

Parent Company Only Financial Statement Notes

From Jan. 1 to Dec. 31, 2022 and from Jan. 1 to Dec. 31, 2021

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

1. Company history

Sanitar Co., Ltd. (hereinafter referred to as "the Company") was established in 1985 as a sanitary ware manufacturer and seller, and was reorganized and established as San Yu Xing Ye Co, Ltd. on January 26, 1988. The Company was renamed as Sanitar Co., Ltd. in 2003. The company is mainly engaged in the sales of bathtubs, toilets and other sanitary equipment, and water supply brassware.

In August 2011, the Company was approved by TPEX for trading on the stock exchange and was listed and traded on the Taiwan Stock Exchange on October 24, 2013.

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

2. The date when the financial reports were authorized for issuance and the process involved

The parent company only financial reports were approved by Board of Directors on February 24, 2023.

3. Applicability of new issuing & revised standards and interpretation

a. First-time application of IFRSs recognized and announced effectiveness by FSC.

The application of IFRSs that are recognized and announced as effective by FSC won’t cause any major changes to the accounting policies of the Company.

b. IFRSs recognized by the FSC applicable in 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	January 1, 2024(Note 2)

New IFRSs	Effective Date Announced by IASB (Note 1)
leaseback”	
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

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 and explanation of material accounting policies

(1) Compliance statement

The Parent Company Only Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

The Parent Company Only Financial Statements have been prepared on the historical cost basis, except for financial instruments measured at fair value.

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

A. Level 1 input value: It refers to the quoted price at the active market on the same asset or liability available on the measurement day (unadjusted).

B. Level 2 input value: It refers to the direct (that is the price) or indirect (inferred from the price) observable input values on asset or liability other than the level 1 quoted price.

C. Level 3 input value: Unobservable input value of asset or liability.

In preparing the Parent Company Only Financial Statements, the Company uses the equity method of accounting for its investee subsidiaries. In order to make the profit or loss for the year, other comprehensive income or loss and equity in the Parent Company Only Financial Statements the same as the profit or loss for the year, other comprehensive income or loss and equity attributed to the owners of the Company in the Parent Company Only Financial Statements, certain accounting differences between the parent company only basis and the consolidated basis are adjusted for "investments accounted for using the equity method", "share of the profit or loss of subsidiaries and associates accounted for using the equity method" and "share of other comprehensive income or loss of subsidiaries, affiliates and joint ventures accounted for under the equity method" and related equity items.

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

Current assets include:

A. assets held mainly for transaction purposes;

B. assets to be realized within 12 months of the asset balance sheet; and

C. cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

A. liabilities held mainly for transaction purposes;
B. liabilities due for payment within 12 months after the balance sheet date (a liability with long-term refinancing done or payment agreement rearranged also belongs to the current liabilities); and
C. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. However, where the terms of the liabilities may, at the option of the counterparty, lead to the settlement by issuing an instrument of equity, the classification will not be affected.

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

(4) Foreign Currency

The Company prepares financial statements in currencies other than the Company's functional currency (foreign currencies) and translates them into the functional currency at the exchange rate on the transaction date.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items measured at fair value in foreign currencies are translated at the exchange rates prevailing on the date the fair value was determined, and the resulting exchange differences are recognized in profit or loss for the current period, except for changes in fair value recognized in other comprehensive income, in which case the resulting exchange differences are recorded in other comprehensive income. The exchange differences arising from changes in fair value recognized in other comprehensive income are recorded as other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates prevailing on the dates of transactions and are not retranslated.

(5) Inventory

Inventories refer to commodity inventories. Inventories are measured at the lower of cost or net realizable value. Comparisons between cost and net realizable value are made on an item-by-item basis, except for similar inventories. Net realizable value is the estimated selling price under normal circumstances less the estimated cost to complete the sale. The weighted-average method is used to calculate the cost of inventories.

(6) Investment accounted for using the equity method

The Company accounts the equity method for the investment of the subsidiaries.

A subsidiary is an individual unit under the control of the Company.

The original investment under the equity method is recognized by cost. The carrying amount obtained shall increase or decrease based on the distribution of the income of the subsidiary, and the shares and profits of other comprehensive income. The change of equity of the subsidiary is recognized based on the shareholding ratio.

When the change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the Carrying amount of the subsidiary under the equity method and other long-term interests that are substantially a component of the Company's net investment in the subsidiary), the loss continues to be recognized in proportion to the Company's equity in the subsidiary.

If the acquisition cost exceeds the identifiable asset and the fair value of net indebtedness of the subsidiary on the acquisition date, it shall be counted as the goodwill. The goodwill is included in the carrying amount of the investment and shall not be amortized. If the identifiable asset and the fair value of net indebtedness of the subsidiary exceeds the acquisition cost on the acquisition date, it shall be listed as the current yield.

The overall assessment on the impairment of assets is based on the cash generating unit of the financial statement, and to compare the recoverable amount with the carrying amount. If the recoverable amount increases afterwards, the impairment loss shall be reversed as profit, only the carrying amount of the assets after reversal of impairment loss shall not be more than the carrying amount after subtracting the amortization when the impairment loss has not yet been recognized. The impairment loss attributing to the goodwill shall not be reversed subsequently.

When control over a subsidiary is lost, the Company measures its remaining investment in the former subsidiary at the Fair value at the date of loss of control. The difference between the Fair value of the remaining investment and any disposal price and the Carrying amount of the investment at the date of loss of control is recognized in profit or loss for the period. In addition, all Amounts recognized in Other comprehensive income related to the subsidiary are accounted for on the same basis as the Company's direct disposal of the related assets or liabilities.

The downstream transaction between the Company and the subsidiary shall be eliminated on the financial statement of the Parent Company when the income is not realized. The income of the upstream and side stream transactions between the Company and the subsidiary shall be recognized in the financial statement of the Parent Company within the realm that is unrelated to the subsidiary’s interests from the Company.

(7) Property, plant and equipment

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

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

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

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

(8) Intangible assets

A. Individual acquisition

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

B. Derecognition

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

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

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

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

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

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

(10) Financial instruments

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

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

A. Financial assets

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

(A) Measurement types

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

a. Financial assets at fair value through profit or loss

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".

b. Financial assets measured at amortized cost

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

(a).they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and

(b). the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

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

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

(a).Interest income on credit-impaired financial assets acquired or created is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial assets.

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

Credit-impaired financial assets means that the issuer or the debtor has experienced significant financial difficulties, defaulted, there is a high probability that the debtor will file for bankruptcy or other financial reorganization or that an active market for financial assets will disappear due to financial difficulties.

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

(B) The impairment of financial assets

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

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

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

For the purpose of internal credit risk management, the Company determines, without regard to its collateral holdings, that a default on financial assets has occurred in the following circumstances:

A. There is internal or external information that indicates the debtor is unlikely to be able to pay the debt.

B. If the debt is past due for more than a certain number of days, unless there is reasonable and supportable information indicating that a delayed default basis is more appropriate.

The impairment loss on all financial assets is reduced by the carrying amount of the allowance account and does not reduce the carrying amount of the financial assets.

(C) Derecognition of financial assets

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

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

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

B. Financial liability

(1) Subsequent measurement

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

(2) Derecognition of financial liability

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

(11) Revenue recognition

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

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

<u>Sales revenue</u>

Sales revenue is derived from the sale of porcelain toilets, faucets, and other sanitary equipment products. The Company recognizes revenue and accounts receivable at the point of shipment because the customer has the right to set the price and use the products and has the primary responsibility for re-selling the products and bears the risk of obsolescence of the products.

(12) Lease

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

1. The Company as lessor

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

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

2. The Company as lessee

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

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

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

Lease obligations are measured initially at the present value of the lease payments (comprising fixed payments, effective fixed payments, variable lease payments dependent on indices or rates). If the implied interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If the rate is not readily determinable, the lessee's incremental borrowing rate is used.

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

Lease agreements that do not depend on changes in indices or rates are recognized as expenses in the period in which they are incurred.

(13) Income tax

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

1. Current income tax

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

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

2. Deferred income tax

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

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

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

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

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

3. Current and deferred tax

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

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

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

The company has taken the recent development of the novel COVID-19 in my country and the possible impact on the economic environment into consideration of cash flow estimates, growth rates, discount rates, profitability and other relevant major accounting estimates. The management will review the estimates and underlying assumptions on an ongoing basis. If an amendment to an estimate affects only the current period, the amendment is recognized in the period in which it is made. If an amendment to an accounting estimate affects both the current and future periods, the amendment is recognized in both the current and future periods.

6. Cash and cash equivalents

	Dec. 31, 2022	Dec. 31, 2021
Cash on hand and working capital	$ 327	$ 247
Checks and demand deposits	125,466	151,168
	$ 125,793	$ 151,415

7. Financial assets measured at fair value through profit and loss-current

	Dec. 31, 2022	Dec. 31, 2021
Investment in equity instruments measured at FVTPL		
Stock of listed companies	$ 12,500	$ -

8. Notes receivable and accounts receivable

	Dec. 31, 2022	Dec. 31, 2021
Notes receivable		
Generated from operating activities		
Non-related parties	$ 15,163	$ 14,864
Related partie	$ -	$ 100
Accounts receivable		
Non-related parties	$ 212,222	$ 190,757
Minus: Allowance for bad debts	(7,545)	(8,250)
	$ 204,677	$ 182,507
Related parties	$ 15,031	$ 28,503

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

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

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

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

Dec. 31, 2022

	Within a normal credit period	Overdue 1-180 days	Overdue Over 180 days	Total
Total carrying amount	$ 220,447	$ 4,670	$ 2,136	$ 227,253
Allowance for loss (Expected credit loss in the duration)	(3,566)	(2,424)	(1,555)	(7,545)
Amortized cost	$ 216,881	$ 2,246	$ 581	$ 219,708

Dec. 31, 2021

	Within a normal credit period	Overdue 1-180 days	Overdue Over 180 days	Total
Total carrying amount	$ 208,117	$ 7,372	$ 3,771	$ 219,260
Allowance for loss (Expected credit loss in the duration)	(4,316)	(1,133)	(2,801)	(8,250)
Amortized cost	$ 203,801	$ 6,239	$ 970	$ 211,010

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

	2022		
	Notes receivable	Accounts receivable	Overdue receivables
Beginning balance	$ -	$ 8,250	$ 854
Plus: listed impairment losses in the period	-	-	266
Minus: Reversal of impairment losses in the current period	-	(705)	-
Ending balance	$ -	$ 7,545	$ 1,120

	2021		
	Notes receivable	Accounts receivable	Overdue receivables
Beginning balance	$ -	$ 4,185	$ 979
Plus: listed impairment losses in the period	-	4,065	-
Minus: Reversal of impairment losses in the current period	-	-	(125)
Ending balance	$ -	$ 8,250	$ 854

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

9. Inventory

	Dec. 31, 2022	Dec. 31, 2021
Merchandise inventory	$ 218,264	$ 251,105

The allowance for loss for market price decline and obsolete inventories was $24,465 thousands and $18,675 thousands as of December 31, 2022 and 2021, respectively.

Cost of sales related to inventories for fiscal 2022 and 2021 are as follows:

	2022	2021
Loss from market price decline and obsolete and slow-moving inventory	$ 5,790	$ 2,071
Inventory short	26	159
Loss on inventory obsolescence	1,555	1,963
	$ 7,371	$ 4,193

10. Investment accounted for using the equity method

	Dec. 31, 2022	Dec. 31, 2021
Investee subsidiaries		
Vietnam Caesar Sanitary Wares Joint Stock Company (VIETNAM CAESAR SANITARY WARES JOINT STOCK COMPANY)	$ 1,377,070	$ 1,242,965
Kai-Sheng Sanitary Wares Co., Ltd.	20,853	19,933
Amsalp Biomedical Corporation	83	13
	$ 1,398,006	$ 1,262,911

Name of Subsidiary	Percentage of owner's equity and voting rights	
	Dec. 31, 2022	Dec. 31, 2021
Vietnam Caesar Sanitary Wares Joint Stock Company (VIETNAM CAESAR SANITARY WARES JOINT STOCK COMPANY)	99.9993%	99.9993%
Kai-Sheng Sanitary Wares Co., Ltd.	51%	51%
Amsalp Biomedical Corporation	44%	44%(Note1)

Note1:Considering the operation strategy, the 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 Kai Sheng 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 Company was considered to have the actual ability to direct the relevant activities of Kai Sheng Sanitary Ware Co., Ltd. so it has been listed as a subsidiary.

(2) In the first quarter of 2021, the company purchased 29,983 shares of Amsalp Biomedical Corporation from a non-related person, totaling $622 thousands, and the shareholding ratio increased from 18.20% to 24.87%. The above transaction changed the company's control over Amsalp Biomedical Corporation, due to its substantial influence, on the date of obtaining significant influence, the original investment was converted into an "Investment accounted for using the equity method" at the fair value on that day, and all related other comprehensive gains and losses 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 voting number, relative size and distribution, and more than half of the members of the board of directors, judged that the company has the substantial ability to lead the relevant activities of Amsalp Biomedical Corporation, so it has been listed as a subsidiary since June 2021.

(3) In September 2021, the company assessed that the book value of the equity investment of Amsalp Biomedical Corporation had been impaired, and fully recognized the impairment loss. From January 1 to December 31, 2021, the impairment loss was recognized at NT$3,183 thousands. Please refer to Note20.

(4) In 2021 and 2020, the profit or loss of subsidiaries used the equity method and the other comprehensive income were recognized based on the audited financial statements of subsidiaries in the same period.

11. Property, plant and equipment

	Self-owned land	Buildings	Transportation equipment	Other equipment	Leasehold improvement	Construction in progress	Total
Cost							
Balance as of Jan. 1, 2022	$206,158	$239,157	$ 34,060	$ 9,509	$ 40,916	6,636	$529,800
Addition	-	118	4,831	2,121	1,170	-	8,240
Disposal	-	-	(3,008)	-	-	(-)	(3,008)
Balance as of Dec. 31, 2022	$206,158	$239,275	$ 35,883	$ 11,630	$ 42,086	$ -	$535,032
accumulated depreciation							
Balance as of Jan. 1, 2022	$ -	$ 42,140	$ 23,520	$ 7,316	$ 18,904	$ -	$ 91,880
Depreciation expense	-	9,006	4,077	894	8,957	-	22,934
Disposal	-	-	(3,008)	-	-	-	(3,008)
Balance as of Dec. 31, 2022	$ -	$ 51,146	$ 24,589	$ 8,210	$ 27,861	$ -	$ 111,806
Net worth as of Dec. 31, 2022	$206,158	$188,129	$ 11,294	$ 3,420	$ 14,225	$ -	$423,226
Cost							
Balance as of Jan. 1, 2021	$243,280	$254,137	$ 35,006	$ 8,921	$ 31,245	6,636	$579,225
Addition	-	-	2,293	588	3,035	-	5,916
Disposal	(37,122)	(14,980)	(3,239)	-	-	-	(55,341)
Reclassification	-	-	-	-	6,636	(6,636)	-
Balance as of Dec. 31, 2021	$206,158	$239,157	$ 34,060	$ 9,509	$ 40,916	$ -	$529,800
accumulated depreciation							
Balance as of Jan. 1, 2021	$ -	$ 39,592	$ 22,894	$ 5,648	$ 10,243	$ -	$ 78,377
Depreciation expense	-	9,054	3,865	1,668	8,661	-	23,248
Disposal	-	(6,506)	(3,239)	-	-	-	(9,745)
Balance as of Dec. 31, 2021	$ -	$ 42,140	$ 23,520	$ 7,316	$ 18,904	$ -	$ 91,880
Net worth as of Dec. 31, 2021	$206,158	$197,017	$ 10,540	$ 2,193	$ 22,012	$ -	$437,920

There is no indication of impairment of property, plant and equipment listed above in fiscal 2022 and 2021 as assessed by management.

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

Buildings	
Main building of the office	55 years
Other	3 to 50 years
Transportation equipment	3 to 5 years
Office equipment	2 to 5 years
Leasehold improvement	4.25 to 5 years

Please refer to Note 26 for the amount of property, plant and equipment pledged as collaterals for loans.

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

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

	2022	2021
The 1st year	$ 530	$ 530
The 2nd year	530	530
The 3rd year	530	530
The 4th year	530	530
The 5th year	530	530
Over 5 years	5,830	6,360
	$ 8,480	$ 9,010

12. Lease agreement

(1) Right-of-use assets—Buildings

	2022	2021
Cost		
Beginning balance	$ 50,101	$ 50,101
Ending balance	$ 50,101	$ 50,101
accumulated depreciation		
Beginning balance	$ 25,055	$ 14,465
Depreciation expense	10,589	10,590
Ending balance	$ 35,644	$ 25,055
Net worth at the end of the current period	$ 14,457	$ 25,046

Except for the above-mentioned additions and recognized depreciation expenses, the Company's right-of-use assets have not experienced significant sublease or impairment in 2022 and 2021.

(2) Lease liabilities

	Dec. 31, 2022	Dec. 31, 2021
Carrying amount of lease liabilities		
Current	$ 8,652	$ 10,752
Non-current	$ 6,396	$ 15,048

The discount rate range for Lease liabilities is as follows:

	2022	2021
Buildings	1.66%~1.89%	1.66%~1.89%

(3) Other leasing information

	2021	2021
Lease expenses of low-value assets	$ 190	$ 340
Changed lease payment expenses not considered in the measurement of lease liabilities	$ 5	$ -
Total cash outflow from lease	($ 10,947)	($ 10,829)

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

13. Intangible assets

	Cost of computer software
Cost	
Balance as of Jan. 1, 2021	$ 1,426
Individual acquisition	3,999
Balance as of Dec. 31, 2021	$ 5,425
Accumulated amortization	
Balance as of Jan. 1, 2021	$ 778
Amortization expense	1,472
Balance as of Dec. 31, 2021	$ 2,250
Net worth as of Dec. 31, 2021	$ 3,175

Cost	
Balance as of Jan. 1, 2020	$ 1,426
Individual acquisition	-
Balance as of Dec. 31, 2020	$ 1,426
Accumulated amortization	
Balance as of Jan. 1, 2020	$ 417
Amortization expense	361
Balance as of Dec. 31, 2020	$ 778
Net worth as of Dec. 31, 2020	$ 648

Amortization expense is accrued on a straight-line basis over the following number of durable years.

Computer software	1-3 years

14. Other assets

	Dec. 31, 2022	Dec. 31, 2021
Current		
Input tax	$ 1,085	$ 1,110
Other	60	60
	$ 1,145	$ 1,170
Non-current		
Overdue receivables	$ 1,120	$ 854
Minus: allowance for loss	(1,120)	(854)
	$ -	$ -

15. Short-term loans

(1) Short-term loans

	Dec. 31, 2022	Dec. 31, 2021
Secured loan (Note 26)		
Bank borrowings	$ 90,000	$ 178,000

The interest rates on revolving bank loans ranged from 1.38% to 1.60% and 0.85% to 1.10% in Dec. 31, 2022 and Dec. 31, 2021, respectively.

(2) Long-term loans

	Dec. 31, 2022	Dec. 31, 2021
Unsecured loan		
Bank of Taiwan		
Medium-term operating loan, the loan amount is 30,000	$ 18,500	$ 24,500

thousands, the 2022 annual interest rate is raised from 1.25% to 1.5%, the loan period is from January 15, 2021 to January 15, 2026, the principal and interest are repaid monthly		
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
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 2021 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. The loan has be redeemed advanced at August 26, 2022.	-	47,619
Less: Current portion	(20,000)	(27,143)
	$ 27,333	$ 87,810

16. Accounts payable

	Dec. 31, 2022	Dec. 31, 2021
Non-related parties	$ 74,295	$ 95,190
Related parties	$ 587	$ 21,305

Accounts payable are paid at the agreed time in the contract. The company has a financial risk management policy to ensure that all payables are repaid within the pre-agreed credit period.

17. Other payables

	Dec. 31, 2022	Dec. 31, 2021
Salaries and bonuses payable	$ 24,608	$ 33,514
Compensation of employees payable	18,714	8,659
Compensation of directors and supervisors payable	7,880	5,773
Freight charges payable	3,590	3,951
Advertising expenses payable	3,292	5,353
Other	15,300	14,915
	$ 73,384	$ 72,165

18. Equity

(1) Share capital for common stock

	Dec. 31, 2022	Dec. 31, 2021
Authorized shares (1,000 shares)	100,000	100,000
Authorized share capital	$ 1,000,000	$ 1,000,000
Number of outstanding shares that had been paid (1,000 shares)	72,600	72,600
Share capital of issued shares	$ 726,000	$ 726,000

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

(2) Additional paid-in capital

	Dec. 31, 2022	Dec. 31, 2021
Can be used to make up losses, to issue cash dividends or to add into share capital (Note)		
Share premium	$ 254,700	$ 254,700
Premium on capital stock due to merger	9,481	9,481
Cannot be used for any purpose		
Cost of employee stock options	13,271	13,271
	$ 277,452	$ 277,452

Note: Such additional paid-in capital may be used to cover losses or, when the company has no losses, to distribute cash or to capitalize share capital, provided that the capitalization of share capital is limited to a certain percentage of paid-in share capital each year.

(3) Retained earnings and dividend 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 dividend policy is in line with its current and future development plans, taking into account the investment environment, capital requirements, domestic and international competition, and the interests of 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, when the distributable surplus for the current period is lower than the net profit after tax for the current period, this limitation is not applicable. Dividends may be distributed to shareholders in cash or in stock, with cash dividends not less than 10% of total stock dividends, except when stock dividends are less than $1 per share.

The legal reserve shall be set aside until the balance reaches the total paid-up capital of the Company. The legal reserve may be applied to make up losses. 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 company withdraws the special surplus reserve for the net amount of other equity deduction accumulated in the previous period, if the undistributed surplus in the previous period is not sufficient for provision, it is included in the current undistributed surplus from the current after-tax net profit plus the items other than the post-tax net profit The amount is listed.

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:

	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:

	2022
Legal reserve	$ 22,083
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.

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(4) Special reserve

	2022	2021
Beginning balance	$ 237,459	$ 166,030
Provision of special reserve		
Allowances for deductions in other equity interest items	-	71,429
Reversal of Special reserve		
Reversal for deductions in other equity interest items	(900)	-
Ending balance	$ 236,459	$ 237,459

(5) Other equity interest items

1. Exchange differences on translation of foreign financial statements

	2022	2021
Beginning balance	($ 236,559)	($ 234,721)
Exchange differences on translating the financial statements of the foreign subsidiaries, associates and joint ventures accounted for using equity method	87,913	(2,297)
Relevant income tax	(17,583)	459
Ending balance	($ 166,229)	($ 236,559)

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

	2022	2021
Beginning balance	$ -	($ 2,738)
Other comprehensive income		
Share of the translation differences of the associates for using equity method	-	2,738
Ending balance	$ -	$ -

(6) Treasury shares

Reasons for the retirement of shares	Transfer of shares to employees (1,000 shares)
Number of shares as of Jan. 1, 2022	524
Number of shares as of Dec. 31, 2022	524

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

19. Income

	2022	2021
Income from customer contracts		
Porcelain	$ 903,771	$ 789,416
Water use equipment	339,735	301,860
Automated equipment	223,120	212,060
Bathtubs	42,998	42,053
Other	352,961	264,635
	$ 1,862,585	$ 1,610,024

Contract balance

	Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
Accounts receivable	$ 219,708	$ 21,010	$171,991
Contract liabilities			
Receipts in advance	$ 4,935	$ 8,131	$ 2,492

The contract revenue of customers transferred from contract liabilities in 2022 and 2021 were $6,140 thousands and $1,285 thousands, respectively.

20. Net income from continuing operations

Net income from continuing operations includes the following items:

(1) Other income and expenses, net

	2022	2021
Compensation for losses	$ -	($ 105)
Net income from the disposal and obsolescence of property, plant and equipment	352	919
Loss of subsidiaries accounted for using equity method	-	(3,183)
	$ 352	($ 2,369)

(2) Depreciation, amortization and employee benefit expenses

	2022			2021		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefit expenses						
Salary expenses	$ 30,624	$ 108,042	$ 138,666	$ 35,684	$ 96,335	$ 132,019
Premium for the insurance of employees	2,884	10,004	12,888	3,101	6,830	9,931
Benefits after retirement						
Defined contribution plan	1,498	4,461	5,959	1,543	3,971	5,514
Compensation of directors	-	14,202	14,202	-	11,472	11,472
Other employee benefit expenses	1,149	5,864	7,013	977	3,993	4,970
Total of employee benefit expenses	$ 36,155	$ 142,573	$ 178,728	$ 41,305	$ 122,601	$ 163,906
Depreciation expense						
Property, plant and equipment	$ -	$ 22,934	$ 22,934	$ -	$ 23,248	$ 23,248
Right-of-use assets	-	10,589	10,589	-	10,590	10,590
	$ -	$ 33,523	$ 33,523	$ -	$ 33,838	$ 33,838
Amortization expense	$ -	$ 1,472	$ 1,472	$ -	$ 361	$ 361

The respective average numbers of employees of the Company calculated until December 31 of 2022 and 2021 are 184 and 174, while the average number of directors who do not serve as employees are 8 and 7, respectively. The average fees of employee benefit of this year and last year respectively are $935 thousands and $913 thousands. The average salary expenses respectively are $788 thousands and $791 thousands, and the average adjustment of salary expenses is decrease 0.4%. The company doesn’t have supervisors in 2022. The supervisors' remuneration for 2021 was $1,351 thousands.

Compensation Policy

1. Directors' and supervisors' remuneration

   The Company may pay remuneration to the directors and supervisors for their duties, regardless of operating profit or loss, in accordance with the Company's Articles of Incorporation, which authorize the Board of Directors to determine the value of their participation in and contribution to the Company's operations, taking into account the market rate in the industry. In addition, if the Company has net profit before tax, the remuneration shall be distributed in accordance with the Company's Articles of Incorporation.

2. Managers' remuneration

   The managers are appointed and compensated in accordance with the Company's Articles of Incorporation and are subject to the Board of Directors' approval. The standards of compensation for managers are based on their personal performance, contribution to work, annual operating results, hard work, and cooperation with company policies, as well as on market standards in the industry.

3. Employees' remuneration

   Employees are paid monthly in the spirit of equal pay for equal work according to their academic experience and job level, and performance bonuses are paid according to the company's monthly operating performance. If the company has net profit before tax, the compensation will be distributed according to the company's articles of incorporation.

(3) Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates no lower than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors.

The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on February 24, 2023 and February 25, 2022, respectively, are as follows:

Accrual rate

	2022	2021
Employees' compensation	4.75%	3%
Remuneration of directors and supervisors	2%	2%

Amount

	2022	2021
	Cash	Cash
Employees' compensation	$ 18,714	$ 8,659
Remuneration of directors and supervisors	7,880	5,773

If there is a change in the amounts after the annual 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 financial statements for the years ended December 31, 2021 and 2020.

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

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

(1) Income tax recognized in profit or loss

The major components of tax expense are as follows:

	2022	2021
Current tax		
Generated in the current period	$ 64,400	$ 53,060
Income tax on unappropriated earnings	2,741	-
Adjustments for prior periods	305	(640)
	67,446	52,420
Deferred tax		
Generated in the current year	7,654	2,024
Foreign withholding tax that cannot be deducted	1,467	1,405
Income tax expense recognized in profit or loss	$ 76,567	$ 55,849

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

	2022	2021
Profit before tax	$ 367,394	$ 277,217
Income tax expense calculated at the statutory rate	$ 73,478	$ 55,443
Nondeductible expenses and losses in determining taxable income	-	23
Tax-exempt income	(1,424)	(382)
Income tax on unappropriated earnings	2,741	-
Foreign withholding tax that cannot be deducted	1,467	1,405
Adjustments for prior years' tax	305	(640)
Income tax expense recognized in profit or loss	$ 76,567	$ 55,849

(2) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
Generated in the current year		
Share of other comprehensive income of subsidiaries accounted for using the equity method	($ 17,583)	$ 459

(3) Current tax liabilities

	December 31	
	2022	2021
Current tax liabilities	$ 40,418	$ 21,813

(4) Deferred tax assets and liabilities

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

2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Balance, End of Year
Deferred tax assets				
Temporary differences				
Unrealized loss for market price decline and obsolete and slow-moving inventory	$ 3,735	$ 1,158	$ -	$ 4,893
Allowance for bad debts	1,351	(109)	-	1,242
Exchange differences on translating the financial statements of foreign operations	59,140	-	(17,583)	41,557
Unrealized foreign exchange loss	48	(48)	-	-
Unrealized profit	720	726	-	1,446
	$ 64,994	$ 1,727	($ 17,583)	$ 49,138
Deferred tax liabilities				
Temporary differences				
Gain on investments accounted for using the equity method	$ 174,672	$ 9,239	$ -	$ 183,911
Unrealized foreign exchange gain	-	142	-	142
	$ 174,672	$ 9,381	$ -	$ 184,053

2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Balance, End of Year
Deferred tax assets				
Temporary differences				
Unrealized loss for market price decline and obsolete and slow-moving inventory	$ 3,321	$ 414	$ -	$ 3,735
Allowance for bad debts	651	700	-	1,351
Exchange differences on translating the financial statements of foreign operations	58,681	-	459	59,140
Unrealized foreign exchange loss	-	48	-	48
Unrealized profit	-	720	-	720
	$ 62,653	$ 1,882	$ 459	$ 64,994
Deferred tax liabilities				
Temporary differences				
Gain on investments accounted for using the equity method	$ 170,719	$ 3,953	$ -	$ 174,672
Unrealized foreign exchange gain	47	(47)	-	-
	$ 170,766	$ 3,906	$ -	$ 174,672

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

	December 31	
	2022	2021
Deductible temporary differences	$ 729	$ 729

(6) Income tax assessment

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

22. EARNINGS PER SHARE

(1) Basic earnings per share

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

	2022	2021
Net profit for the year	$ 221,368	$ 221,368
Weighted average number of common shares used in the calculation of basic earnings per share (1,000 shares)	72,076	72,076
Basic earnings per share (NT$)	$ 3.07	$ 3.07

(2) Diluted earnings per share

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

	2022	2021
Net profit for the year	$ 290,827	$ 221,368
Weighted average number of common shares used in the calculation of basic earnings per share (1,000 shares)	72,076	72,076
Influence of dilutive potential common shares on employee bonuses or Compensation of employees (1,000 shares)	531	281
Weighted average number of common shares used in the calculation of diluted earnings per share (1,000 shares)	72,607	72,357
Diluted earnings per share (NT$)	$ 4.01	$ 3.06

In 2022, the weighted average numbers of outstanding common share were 72,076,000 shares, which were not included 524,000 shares of treasury stock.

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

23. CAPITAL RISK MANAGEMENT

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

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

24. FINANCIAL INSTRUMENTS

(1) Fair value information

1. Financial instruments not measured at fair value

   The Company 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 FVTOPL-current				
Domestic listed stocks	$ 12,500	$ -	$ -	$ 12,500

   December 31, 2021: None

   There were no transfers between Level 1 and 2 for the years, 2022 and 202.

(2) Categories of financial instruments

	December 31	
	2022	**2021**
<u>Financial assets</u>		
Financial assets at FVTPL		
Financial assets at FVTPL	$ 12,500	$ -
Financial assets at amortized cost		
Cash and cash equivalents	125,793	151,415
Notes receivable, net	15,163	14,864
Notes receivable from related parties	-	100
Accounts receivable, net	204,677	182,507
Accounts receivable from related parties	15,031	28,503
Other receivables	425	469
Other receivables from related parties	9,102	53,607
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term loans	90,000	178,000
Notes payable	9,147	-
Accounts payable	74,295	95,190
Accounts payable from related parties	587	21,305
Other payables	73,384	72,165
Long-term liabilities - current portion	20,000	27,143
Long-term loans	27,333	87,810

(3) Financial risk management objectives and policies

The Company is committed to ensuring that it has sufficient and cost-effective working capital needed for operations. The Company prudently manages market risk (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 Company's financial position.

1. Market risk management

(1) Foreign currency risk

The Company mainly focuses on the domestic market. Both foreign sales and purchases are quoted in foreign currencies. The Company 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 Company. In addition, the Company continues to pay attention to exchange rate fluctuations in order to reduce the impact of exchange rate fluctuations on the Company.

For the carrying amounts of the Company’s monetary assets and monetary liabilities denominated in foreign currencies at the balance sheet date, please refer to Note 28.

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 Taiwan dollar depreciates/appreciates by 5% against the US dollar, the Company's profit before income tax for 2022 and 2021 will reduce/increase by $2,885 thousands and $4,167 thousands, respectively.

(2) Interest rate risk

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

(3) Other price risk

The price risk of The Company’s equity came from the investment of financial assets measured at fair value through profit and loss (mainly invested in the stocks of domestic companies which are listed or traded over the counter).
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Sensitivity analysis

The following sensitivity analysis is based on the equity price risk at the statement of financial position date.

If the equity price increases/decreases by 0.5%, profit before taxes will increase/decrease by $63 thousand from Jan. 1, 2022 to Dec. 31, 2022 due to the change in fair value of financial assets measured at fair value through profit and loss.

2. Credit risk

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

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

In 2022 and 2021, except for Company A, the Company's concentration of credit risk to other customers does not exceed 10% of the total Accounts receivable, and these companies have a long history and good repayment status, so the Company's related credit risk is not significant.

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

3. Liquidity risk

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

The unused funds of the credit agreements from the bank until December 31, 2022 and 2021 respectively are $804,087 thousands and $562,408 thousands.

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

December 31, 2022

	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Non-derivative financial liabilities					
Short-term loans	$ 90,000	$ -	$ -	$ -	$ 90,000
Notes payable	4,147				
Accounts payable	74,295	-	-	-	74,295
Accounts payable from related parties	587	-	-	-	587
Other payables	73,384	-	-	-	73,384
Current income tax liabilities	40,418	-	-	-	40,418
Lease liabilities - current	8,652	-	-	-	8,652
Long-term liabilities - current portion	20,000	-	-	-	20,000
Other current liabilities	3,615	-	-	-	3,615
Long-term loans	-	14,367	10,088	3,178	27,633
Lease liabilities - non-current	-	5,518	998	-	6,516

December 31, 2021

	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Non-derivative financial liabilities					
Short-term loans	$ 178,000	$ -	$ -	$ -	$ 178,000
Accounts payable	95,190	-	-	-	95,190
Accounts payable from related parties	21,305	-	-	-	21,305
Other payables	72,165	-	-	-	72,165
Current income tax liabilities	21,813	-	-	-	21,813
Lease liabilities - current	10,752	-	-	-	10,752
Long-term liabilities - current portion	27,143	-	-	-	27,143
Other current liabilities	3,796	-	-	-	3,796
Long-term loans	-	27,947	21,840	39,977	89,764
Lease liabilities - non-current	-	8,828	5,518	931	15,277

25. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows:

(1) Names of related parties and their relationships

Names of related parties	Relationship with the Company
Vietnam Caesar Sanitary Wares Joint Stock Company	Subsidiary
Kaisheng Sanitary Ware Co., Ltd.	Subsidiary
Jiada Hang Ltd.	Related party in substance - The chairperson of that company was the spouse of a relative of the chairperson of the Company within second degree of kinship

(2) Operating revenue

Accounting item	Type of related party	2022	2021
Sales revenue	Subsidiary		
	Kaisheng Sanitary Ware Co., Ltd.	$ 154,789	$ 139,300
	Related party in substance		
	Jiada Hang Ltd.	$ 44,635	$ 41,423
Other operating revenue	Subsidiary		
	Vietnam Caesar Sanitary Wares Joint Stock Company	$ 14,676	$ 14,040

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

The Company's sales to Kaisheng Sanitary Ware Co., Ltd. is a sale of sanitary porcelain goods. The selling price is based on the market price and gross profit, in accordance with the agreement. Payment is made within 30 days after the purchase from Kaisheng Sanitary Ware Co., Ltd., and is adjusted according to funding needs. The unrealized gross profit from sales in 2022 and 2021 was $3,632 and $3,599 thousands, respectively, recognized on unrealized gain on transactions with subsidiaries.

In 2018 and 2017, the Company entered into an agreement with Vietnam Caesar Sanitary Wares Joint Stock Company to amend the technical contract for the production of ceramics and entered into a management services contract to license and assist Vietnam Caesar Sanitary Wares Joint Stock Company in the marketing of the "CAESAR" brand, market development and technical support services in Vietnam. Vietnam Caesar Sanitary Wares Joint Stock Company shall pay the Company a management service fee of 2.5% of its annual sales amount (excluding the amount sold to the Company) on a quarterly basis, subject to a maximum annual amount of US$500 thousands; the Company shall receive payment within two months after the end of each quarter, and adjust according to funding needs. The effective period of the aforementioned rate is one year, which is reviewed and revised by the parties upon annual renewal. The management service fee in 2022 and 2021 was recognized on other operating revenue.

(3) Purchases

Name/Type of related party	2022	2021
Subsidiary		
Vietnam Caesar Sanitary Wares Joint Stock Company	$ 429,376	$ 420,975

The Company's purchases from Vietnam Caesar Sanitary Wares Joint Stock Company is a purchase of sanitary porcelain goods. The purchase price is based on the market price and gross profit, in accordance with the agreement. Payment is made within 30 days after the shipment from Vietnam Caesar Sanitary Wares Joint Stock Company, and is adjusted according to funding needs. The unrealized gross profit from sales in 2022 and 2021 was $8,404 thousands and $20,725 thousands, respectively, recognized on share of profit (loss) of subsidiaries, associates and joint ventures.

(4) Notes receivable

Accounting item	Type of related party	December 31 2022	December 31 2021
Notes receivable from related parties	Subsidiary		
	Kaisheng Sanitary Ware Co., Ltd.	$ -	$ 100

(5) Receivables from related parties (excluding loans to related parties)

Accounting item	Type of related party	December 31 2022	December 31 2021
Accounts receivable from related parties	Subsidiary		
	Vietnam Caesar Sanitary Wares Joint Stock Company	$ -	$ 8,183
	Kaisheng Sanitary Ware Co., Ltd.	$ 12,114	$ 14,622
	Related party in substance		
	Jiada Hang Ltd.	$ 2,917	$ 5,698

(6) Other receivables

Accounting item	Type of related party	December 31 2022	December 31 2021
Other receivables from related parties	Subsidiary		
	Vietnam Caesar Sanitary Wares Joint Stock Company	$ 9,051	$ 53,513
	Kaisheng Sanitary Ware Co., Ltd.	$ 31	$ 80
	Related party in substance		
	Jiada Hang Ltd.	$ 20	$ 14

(7) Payables from related parties (excluding loans to related parties)

Accounting item	Type of related party	December 31 2022	December 31 2021
Accounts payable from related parties	Subsidiary		
	Vietnam Caesar Sanitary Wares Joint Stock Company	$ 587	$ 21,305

(8) Advanced payments

Accounting item	Type of related party	December 31 2022	December 31 2021
Advanced payments from related parties	Subsidiary		
	Vietnam Caesar Sanitary Wares Joint Stock Company	$ 12,186	$ -

(9) Endorsement guarantees

Type of related party	December 31 2022	December 31 2021
Subsidiary		
Vietnam Caesar Sanitary Wares Joint Stock Company	$ 61,420 (US$2,000 thousand)	$ 83,040 (US$3,000 thousand)

(10) Others

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 thousands and $100,899 thousands in 2021 and 2020, respectively, and the balance of other receivables was $9,051 thousands and $53,513 thousands, respectively.

(11) Compensation of key management personnel

	2022	2021
Short-term employee benefits	$ 25,320	$ 22,118
Benefits after retirement	406	405
	$ 25,726	$ 22,523

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

26. PLEDGED ASSETS

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

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

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

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

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 thousands (US$2,000 thousands) and NT$83,040 thousands (US$3,000 thousands), respectively.

28. FOREIGN-CURRENCY-DENOMINATED ASSETS AND LIABILITIES THAT HAVE SIGNIFICANT INFLUENCE

The Company's significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2022			2021		
	Foreign Currency	Exchange Rate	NTS	Foreign Currency	Exchange Rate	NTS
Financial assets						
Monetary items						
USD	$ 1,898	30.71	$ 58,293	$ 3,943	27.68	$ 109,140
Financial liabilities						
Monetary items						
USD	19	30.71	586	932	27.68	25,805

29. OTHER MATTERS

The Company was affected by the global pandemic of novel coronavirus pneumonia, but the impact was relatively insignificant because the epidemic was well controlled in Taiwan. As of Dec. 31, 2022, the cumulative operating revenue increased by approximately 16% compared to the same period last year, indicating that the epidemic did not have a serious impact on the Company's operations. Although the recent epidemic in Europe and the United States is on the rise, the Company's operating revenue is concentrated in Taiwan, and is not expected to be significantly affected.

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

30. DISCLOSURES

(1) Information about significant transactions and (2)investees:

1) Lending to others: None

2) Endorsement for other parties: Table 1

3) Marketable securities held at the end of the period (excluding investments in subsidiaries, associates and joint ventures): Table 2

4) The cumulative amount of securities purchased or sold reaches NT$300 million or 20% of the paid-in capital: None

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

6) Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital: None

7) 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) Information on investees: Table 4

(3) Information on investments in mainland China: None.

(4) 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 5).

SANITAR CO., LTD.
ENDORSEMENT FOR OTHER PARTIES
From Jan. 1 to Dec. 31, 2022

Unit: NT$ thousands (unless otherwise specified)

No.	Name of the Endorser/Guarantor	Guarantee party		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 (%)	Maximum endorsement/ guarantee amount allowable	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to entities in Mainland China	Note
		Company 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 endorsement/guarantee limit is based on the endorsement/guarantee procedures approved by the shareholders' meeting and stipulated by the Bureau of Securities and Futures of the Financial Supervisory Commission, Executive Yuan on December 18, 2002, by Order no.(91)-Tai-tsai-zhen-(6)-0910161919. The total amount of the Company's endorsement and guarantee shall not exceed 40% of the Company's net worth and the amount of endorsement and guarantee for subsidiaries directly holding more than 50% of the common stock shall not exceed 20% of the Company's net worth for the period.

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

TABLE 3

SANITAR CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
From Jan. 1 to Dec. 31, 2021

(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 ma rket 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.

INFORMATION ON INVESTEES
From Jan. 1 to Dec. 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	Gain (loss) on investment recognized in the period	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 5

SANITAR CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

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.

SANITAR CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

SANITAR CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Description	Amount
Petty cash and revolving funds		$ 327
Cash in banks		
Checking accounts		4,537
Demand deposits		120,929
		$ 125,793

STATEMENT 2

SANITAR CO., LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Non-related parties		
A construction company	Payment for goods	$ 2,210
B construction company	Payment for goods	2,142
C Hydro-Power Engineering Ltd.	Payment for goods	1,669
D company	Payment for goods	848
E Hotel Co Ltd.	Payment for goods	801
Others (Note)	Payment for goods	7,493
		$ 15,163

Note: The amount due from individual customers included in others does not exceed 5% of the account balance.

STATEMENT 3

SANITAR CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount
Related parties		
Jiada Hang Ltd.	Payment for goods	$ 2,917
Kaisheng Sanitary Ware Co., Ltd.	Payment for goods	12,114
		$ 15,031
Non-related parties		
Client A	Payment for goods	$ 44,272
Client B	Payment for goods	16,950
Client C	Payment for goods	12,917
Others (Note)	Payment for goods	138,083
		212,222
Less: Allowance for impairment loss		(7,545)
		$ 204,677

Note: The amount due from individual customers included in others does not exceed 5% of the account balance.

STATEMENT 4

SANITAR CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Cost	Lower of Cost or Market Price: Price Decrease	Lower of Cost or Market Price: Price Premium
Merchandise inventories	$ 220,009	($ 1,745)	$ 141,823
Less: Allowance for impaired inventory	(1,745)	-	-
	218,264	(1,745)	141,823
Stagnant inventory			
Merchandise inventories	22,720	(22,720)	-
Less: Allowance for impaired inventory	(22,720)	-	-
	-	(22,720)	-
	$ 218,264	($ 24,465)	$ 141,823

Note: The market price is based on net realizable value.

STATEMENT 5

SANITAR CO., LTD.

STATEMENT OF PREPAYMENTS
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Other prepaid expenses	Prepaid insurance, etc.	$ 2,976
	Inventory of supply	891
		$ 3,867
Prepayments for goods	Vendor K	$ 6,119
	Vendor Z	12,186
	Others	13,364
		$ 31,669

STATEMENT 6

SANITAR CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
From Jan. 1 to Dec. 31, 2022

(In Thousands of New Taiwan Dollars and Thousands Shares, Unless Stated Otherwise)

	Beginning Balance		Increase in Investment		Decrease in Investment				Ending Balance			Net Equity (Note 1)		
Name of Securities	Shares	Amount	Shares	Amount	Shares	Amount	Share of Profit (Loss)	Unrealized Profit	Shares	Percentage of Ownership (%)	Amount	Unit Price	Total Amount	Collateral
Domestic and foreign unlisted companies														
Vietnam Caesar Sanitary Wares Joint Stock Company	41,878	$ 1,242,965	-	$ 87,913 (Note 2)	-	-	$ 46,192	$ -	41,878	100 (Note 3)	$ 1,377,070	33.08	$ 1,385,474	None
Kaisheng Sanitary Ware Co., Ltd.	1,836	19,933	-	-	-	-	4,552	(3,632)	1,836	51	20,853	11.36	20,853	None
Amsalp Biomedical Co., Ltd.	244	13	-	-	-	-	70	-	244	44	83	0.34	83	None
		$ 1,262,911		$ 87,913		-	$ 50,814	($ 3,632)			$ 1,398,006		$ 1,406,410	

Note 1: Calculated by applying the percentage of ownership of the Company to the net equity on the financial statements of the investee companies audited by CPAs.

Note 2: The decrease in the current period is due to the exchange differences on translating the financial statements of foreign operations of $87,913 thousand.

Note 3: The percentage of ownership is 99.993%.

Note 4: The difference between the net value and the carrying amount is the ending balance of unrealized profits of upstream sales of $8,404 thousand.

STATEMENT 7

SANITAR CO., LTD.

STATEMENT OF REFUNDABLE DEPOSITS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Refundable deposits	Security deposits for warehouses, offices, etc.	$ 1,109
	Notes of refundable deposits	7,191
	Others	515
		$ 8,815

STATEMENT 8

SANITAR CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Description	Amount
Non-related parties		
Vendor A	Payment for goods	$ 12,629
Vendor B	Payment for goods	7,347
Vendor C	Payment for goods	5,803
Vendor D	Payment for goods	5,005
Vendor E	Payment for goods	4,861
Vendor F	Payment for goods	4,605
Vendor G	Payment for goods	3,599
Others (Note)	Payment for goods	30,446
		$ 74,295

Note: The amount due to individual vendors included in others does not exceed 5% of the account balance.

STATEMENT 9

SANITAR CO., LTD.

STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Tax payable	Sales tax	$ 2,453
Temporary receipts		81
Collections	Premium for the insurance of employees, etc.	1,081
		$ 3,615

STATEMENT 10

SANITAR CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount Rate (%)	Ending Balance	Note
Buildings	Exhibition center	2018/4/4-2025/6/30	1.66-1.89	$ 15,048	

SANITAR CO., LTD.

STATEMENT OF OPERATING REVENUE
From Jan. 1 to Dec. 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Description	Number	Amount
Porcelain sanitary ware	Toilets, sinks, stands and urinals, etc.	640,000 pcs	$ 903,771
Water outlets	Faucets and showers, etc.	1,178,000 pcs	339,735
Electronic automated products	Electronic bidet seats, etc.	82,000 pcs	223,120
Bathtubs		118,000 pcs	42,998
Others	Mirrors and accessories, etc.		320,851
			1,830,475
Other operating revenue	Management service fee		14,676
	Revenue from maintenance		17,434
			32,110
			$ 1,862,585

SANITAR CO., LTD.

STATEMENT OF OPERATING COSTS
From Jan. 1 to Dec. 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Merchandise inventory, beginning of year	$ 269,780
Add: Purchases of merchandise inventory, net	1,213,070
Less: Loss on physical counts	(26)
Less: Retirement of inventory	(1,555)
Less: Transferred to other operating costs - maintenance material expenses	(4,441)
Less: Transferred to selling and marketing expenses - advertising fees	(32)
Less: General and administrative expenses - donations	(68)
Less: Merchandise inventory, end of year	(242,729)
Loss on retirement of inventory	1,555
Loss on physical counts	26
Inventory write-downs	5,790
Cost of goods sold	$ 1,241,370

SANITAR CO., LTD.

STATEMENT OF OTHER OPERATING COSTS
From Jan. 1 to Dec. 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Salary expense	$ 32,122
Insurance expense	2,970
Maintenance expense	4,441
Others (Note)	6,405
	$ 45,938

Note: The amount of each item in others does not exceed 5% of the account balance.

SANITAR CO., LTD.

STATEMENT OF OPERATING EXPENSES
From Jan. 1 to Dec. 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salary expense	$ 56,943	$ 62,900	$ 6,862	$ 126,705
Freight expense	17,814	9	153	17,976
Insurance expense	5,687	5,662	514	11,863
Advertising fee	30,467	59	-	30,526
Depreciation expense	25,958	7,285	280	33,523
Others (Note)	19,761	19,258	6,285	45,304
	$ 156,630	$ 95,173	$ 14,094	265,897
Expected credit loss				(439)
				$ 265,458

Note: The amount of each item in others does not exceed 5% of the account balance.