Stock Code: 1309

Taita Chemical Company, Ltd.

2022 Annual Report

Company Website: https://www.ttc.com.tw

Annual Report Query Website: https://mops.twse.com.tw

Date of Publication: March 31, 2023

I. Spokesperson and Acting Spokesperson:

Spokesperson
Name: Yen, Tai-Ming
Title: Executive Deputy General Manager
Telephone: (02) 8751-6888 ext. 3278
Private Line: (02) 2650-3278
E-mail: tmyen@usig.com

Acting Spokesperson
Name: Lin, Chin-Tsai
Title: Manager, Accounting Department
Telephone: (02) 8751-6888 ext. 3797
Private Line: (02) 2798-3797
E-mail: tonylin@usig.com

II. Address and Telephone Number of Head Office, Branch Offices and Plants

Name	Address	Telephone
Head Office	12F, No. 37, Jihu Road, Taipei City, Taiwan	(02)8751-6888
Southern Taiwan Office	No. 3, Jianji Road, Cianjhen Dist., Kaohsiung City, Taiwan	(07)821-2128
Qianzhen Plant	No. 3, Jianji Road, Cianjhen Dist., Kaohsiung City, Taiwan	(07)821-9521
Linyuan Plant	No. 5, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City, Taiwan	(07)641-3201
Kaohsiung Branch Office	No. 5, Gongye 1st Road, Linyuan Industrial Park, Kaohsiung City, Taiwan	(07)641-3201
Toufen Plant	No. 571, Minzu Road, Toufen Township, Miaoli County, Taiwan	(037)627-700

III. Stock Transfer Agent
Name: Taita Chemical Company, Ltd., Stock Affairs Department
Address: 6F, No. 17, Lane 120, Section 1, Neihu Road, Neihu District, 114 Taipei City
Joint Stock Affairs Website: https://www.usig.com/USIGStockHome.aspx
Telephone: (02) 2650-3773 (main line)

IV. CPAs Auditing the Financial Statements in the Most Recent Fiscal Year
Name: CPA Chiu, Cheng-Chun and CPA Huang, Hsiu-Chun
Accounting Firm: Deloitte Taiwan
Address: 20th Floor, No.100, Songren Road, Shinyi District, Taipei City, Taiwan
Website: https://www2.deloitte.com/tw
Telephone: (02) 2725-9988

V. Overseas Securities Trading Venue and Method of Overseas Securities Information Query: None

VI. Company Website: https://www.ttc.com.tw

Taita Chemical Company, Ltd.
Contents

Chapter 1. Letter to Shareholders

Dear Shareholders,

For the fiscal year 2022, the Company registered a profit before income tax of NT$544 million, and a net profit of NT$412 million, with earnings per share of NT$1.04. Below is the 2022 business report and the 2023 business plan:

I. 2022 Business Results:

(I) Results of Business Plan Implementation

The Company recorded a net operating revenue of NT$18,084 million in 2022, which is NT$2,687 million higher than 2021 and a 95% budget achievement rate. The consolidated operating profit is NT$225 million, which is NT$2,022 million less than 2021, and a budget achievement rate of 13%.

1. Production and Sales of Petrochemical Products:

   The consolidated revenues of ABS/ PS total NT$17,548 million, achieving 95% of the budget. The production and sales of Linyuan and Qianzhen plants are 244,000 tons and 245,000 tons respectively, and the budget achievement rates of production and sales are 85% and 86% respectively; The EPS production and sales volume of Zhongshan Plant in mainland China is 131,000 tons and 129,000 tons respectively, reaching 80% and 79% of the budget; The total operating profit of petrochemical products is NT$186 billion.

2. Production and Sales of Glasswool and Cubic Printing Products:

   Total production and sale of glasswool is 8,700 tons. Glasswool and rockwool combined generated a total revenue of NT$522 million, an 104% budget achievement rate, and a net profit of NT$45 million for the fiscal year. In terms of cubic printing products, total production and sale volume amounts to 14 thousand JIG. NT$14 million is recorded for total operating revenues and NT$6 million for operating loss.

   The non-operating incomes include gains from foreign currency exchange, net rental income, interest income and dividend income, which amount to NT$319 million.

(II) Research and Development:

Technology or product developed

1. Expandable polystyrene (EPS)
   1.1 EPS is improved in particle size concentration, increasing the produced particle size demanded by sales and production efficiency.
   1.2 Rapid EPS with quality improvement.
2. Acrylonitrile-butadiene-styrene (ABS)
   ABS is optimized in general grade ABS formula to reduce consumption of rubber.

II. 2023 Business Plan:

(I) Operational Objectives and Production & Sales Strategies

Looking forward to 2023, the Company expects sales volume of petrochemical products to achieve 413 thousand tons, or a 10% growth compared to the prior year. Glasswool sales is expected to achieve 12.5 thousand tons. Key operational objectives this year include:

In the face of the possible impact of the Russia-Ukraine war, rising interest rates and other factors, we need to continue to respond prudently. In addition to implementing the target of full production and full sales, the annual work focus is to continuously optimize the customer mix and promote the growth of markets outside mainland China and Hong Kong. ABS aims to increase the proportion of direct customers and increase the sales ratio between the mainland China and Hong Kong markets, GPS to increase the sales ratio between mainland China and Hong Kong markets, and EPS to achieve full production and full sales. In addition, we continue to control the stock of raw materials and finished products to avoid the impact of market fluctuations on operating performance. In addition, from the perspective of technology/process/market/application/product/investment, the Company will continue to evaluate the planned capacity bottleneck removal, process efficiency improvement, new product application development, etc., so as to make the operation by going up one step on the premise of full production and full sales.

(II) Research and Development

1. Development of heat-resistant grade ABS (acrylonitrile-butadiene-styrene polymer).
2. Add extrusion dehydrator to improve productivity and cake VOC removal efficiency.
3. Improvement of butadiene emulsion polymerization - reactor agitating vane.
4. EPS efficiency improvement.
5. Conservative improvement of EPS products.

By enhancing the performance of each product line, the Company expects to achieve its annual operating objectives to reward our shareholders' support.

I would like to wish good health and all the best for all of our shareholders.

Chairman of the Board: Wu, Yi-Gui

General Manager: Wu, Pei-Chi

Chapter 2. Company Profile

I. Date of Incorporation

April 6, 1960

II. Company Overview

The Company was founded in April 1960 with the plant in Qianzhen District, Kaohsiung. The registered capital was NT$2.6 million, and it was the first of its kind in Taiwan to manufacture formaldehyde materials.

In September 1961, the Company raised its capital by NT$6 million through cash injection.

In December 1964, the US company Mobil invested in the company and introduced new production technologies and management practices.

In March 1967, the Company installed the first polystyrene and phenol formaldehyde resins production equipment in Taiwan. The Company raised its capital to NT$18 million.

In September 1968, the Company raised its capital to NT$27 million.

In April 1969, the Company raised its capital to NT$50 million.

In May 1970, the Company raised its capital to NT$56 million.

In May 1971, the Company raised its capital to NT$61 million.

In November 1972, the Company raised its capital to NT$65 million.

In May 1973, the Company raised the capital to NT$87 million.

In June 1974, the Company raised the capital to NT$107.01 million.

In October 1975, the Company raised its capital to NT$120,921,300.

In September 1977, Mobil Corporation exited its investment in the Company owing to a policy change and transferred its shares to Heng-Yu Co., Ltd., a Hong Kong based company. The Company's capital was raised to NT$133,013,430.

In August 1978, the Company raised its capital to NT$152,300,370.

In August 1979, the Company built an acrylonitrile-butadiene-styrene (ABS) plant in Linyuan Industrial Park, Kaohsiung. The government approved the joint venture between Panama Gulf Oil Company and the Company. The Company raised its capital to NT$395.45 million.

In August, 1980, the Company invested in Taiwan Styrene Monomer Corporation and raised its capital to NT$466,631,000.

In November 1981, the Company raised the capital to NT$606,620,300.

In May 1982, Panama Gulf Oil Company transferred the shares it owned in the Company to the Panama Company Asia Private Investment Company (name changed to Panamanian Company Aodashih Investment Company in March 1985) owing to corporate policy change.

In December 1983, the Company ceased its production of formaldehyde and phenol formaldehyde glue. A new plant was constructed to produce and develop T-Fine foodware product line.

In 1984, the Company added the second ABS production line; the installation was completed in April 1985.

In September 1984, the Company raised its capital to NT$679,414,740.

In November 1985, the Company ceased production of phenolic molding compounds.

On June 27, 1986, the Company's stock was listed on the Taiwan Stock Exchange.

In November 1986, the Australian Company BTR Nylex Limited acquired 51% of the Company's shares and transferred all the shares it owned in the Company to its subsidiary, BTRN Asia, in December of the same year.

In August 1987, the Company raised its capital to NT$781,326,950.

In 1988, the Company began selling its shares in Taiwan Styrene Monomer Corporation.

In September 1988, the Company raised its capital to NT$937,592,340.

In September 1989, the Company raised its capital to NT$1,593,906,970.

In September 1990, the Company raised its capital to NT$1,753,297,660.

In September 1991, the Company raised its capital to NT$1,928,627,420.

In March 1992, the Company completed the trial run of the glasswool production line and began operations.

In November 1993, the Company purchased 28.6% of shares in Hsihu Styrene Company held by Tai Mei.

On December 13, 1996, the Company sold the shares it owned in Hsihu Styrene Co., Ltd. and Hsihu Chemicals Co., Ltd.

In March 1997, BTRN Asia transferred 51% of TTC shares to the Bermuda Company, Belgravia One Limited, an overseas holding company with joint investment from USI Corporation and UPC Technology Corporation.

In April 1997, the Company established Taita (BVI) Holding Co.

In September 1998, the Company raised its capital to NT$2,025,058,790 through its earnings.

In February and December 1998, Taita (BVI) Holding Co. raised its capital by US$450,000 and US$19.5 million respectively.

In 1999, the Company raised its capital by NT$202,505,870 through earnings capitalization and NT$250,000,000 through cash injection. The paid-in capital reached NT$2,477,564,660.

In March 1999, the Company established Taita Chemicals (Zhongshan) Co., Ltd.

In 2000, the Company raised its capital by NT$148,653,880 through earnings capitalization, with the total paid-in capital reaching NT$2,626,218,540.

In May 2000, the Company completed the first EPS production line at its Zhongshan plant in China, and the second was put into production in October.

In May 2001, Qianzhen plant completed the trial run for the new 100-thousand-annual-capacity GPS/IPS NOVA production process, which was subsequently put into production.

In November 2003, the Company established Taita Chemicals (Tianjin) Co., Ltd.

In October 2004, the Company completed the third EPS production line at its Zhongshan plant in China and increased the production capacity to 150,000 tons.

In 2005, the Company increase its capital by NT$78,786,550 from earnings and capital reserve, with its paid-in capital reaching NT$2,705,005,090.

In 2005, Taita Chemicals (Tianjin) Co., Ltd. raised its capital by US$4 million.

In September 2005, the Company completed the construction of the EPS plant in Tianjin, China. A production trial run was also completed in October of the same year. The production capacity is 100,000 tons.

In February 2006, Taita (BVI) Holding Co. Ltd. raised its capital by US$3.738 million.

In January 2007, Taita (BVI) Holding Co. Ltd. raised its capital by US$10 million.

In November 2007, both Taita Chemicals (Zhongshan) Co., Ltd. and Taita Chemicals (Tianjin) Co., Ltd. raised the capital by US$8 million. Taita Chemicals (Zhongshan) Co., Ltd. capitalized its earnings by US$3.25 million.

In February 2008, Taita (BVI) Holding Co. Ltd. raised its capital by US$28 million.

In June 2008, both Taita Chemicals (Zhongshan) Co., Ltd. and Taita Chemicals (Tianjin) Co., Ltd. raised their capital by US$12 million and US$6 million respectively.

In the third quarter of 2008, the Company completed the debottlenecking project at its plants at Qianzhen, and Zhongshan in Mainland China, thus increasing the production capacity to 66,000 tons and 180,000 tons, respectively.

In 2008, the Company completed earnings capitalization for NT$81,150,150, with the paid-in capital reaching NT$2,786,155,240.

In 2011, the Company completed earnings capitalization for NT$334,338,620, with its paid-in capital reaching NT$3,120,493,860.

In 2012, the Company completed earnings capitalization for NT$156,024,690, with its paid-in capital reaching NT$3,276,518,550.

In May 2012, Taita Chemicals (Tianjin) Co., Ltd. transferred US$1.35 million from earnings to capital.

In July 2012, Taita Chemicals (Zhongshan) Co., Ltd. raised its capital by US$15 million.

In 2012, TTC completed the EPS debottlenecking project at the Tianjin plant in Mainland China and increased its production capacity to 134,000 tons.

In the first quarter of 2014, the Company completed the EPS debottlenecking project at the Linyuan Plant and increased its production capacity to 100,000 tons.

In 2018, the Company completed earnings capitalization of $65,530,370, with paid-in capital reaching NT$3,342,048,920.

In 2019, the Company completed earnings capitalization of NT$10,261,460, with paid-in capital reaching NT$3,442,300,380.

In 2020, the Company completed earnings capitalization for NT$344,231,030, with its paid-in capital reaching NT$3,786,541,410.

In 2020, Taita (BVI) Holding Co. Ltd. raised its capital by US$28 million.

In 2021, Zhangzhou Taita Chemical Co., Ltd. was established.

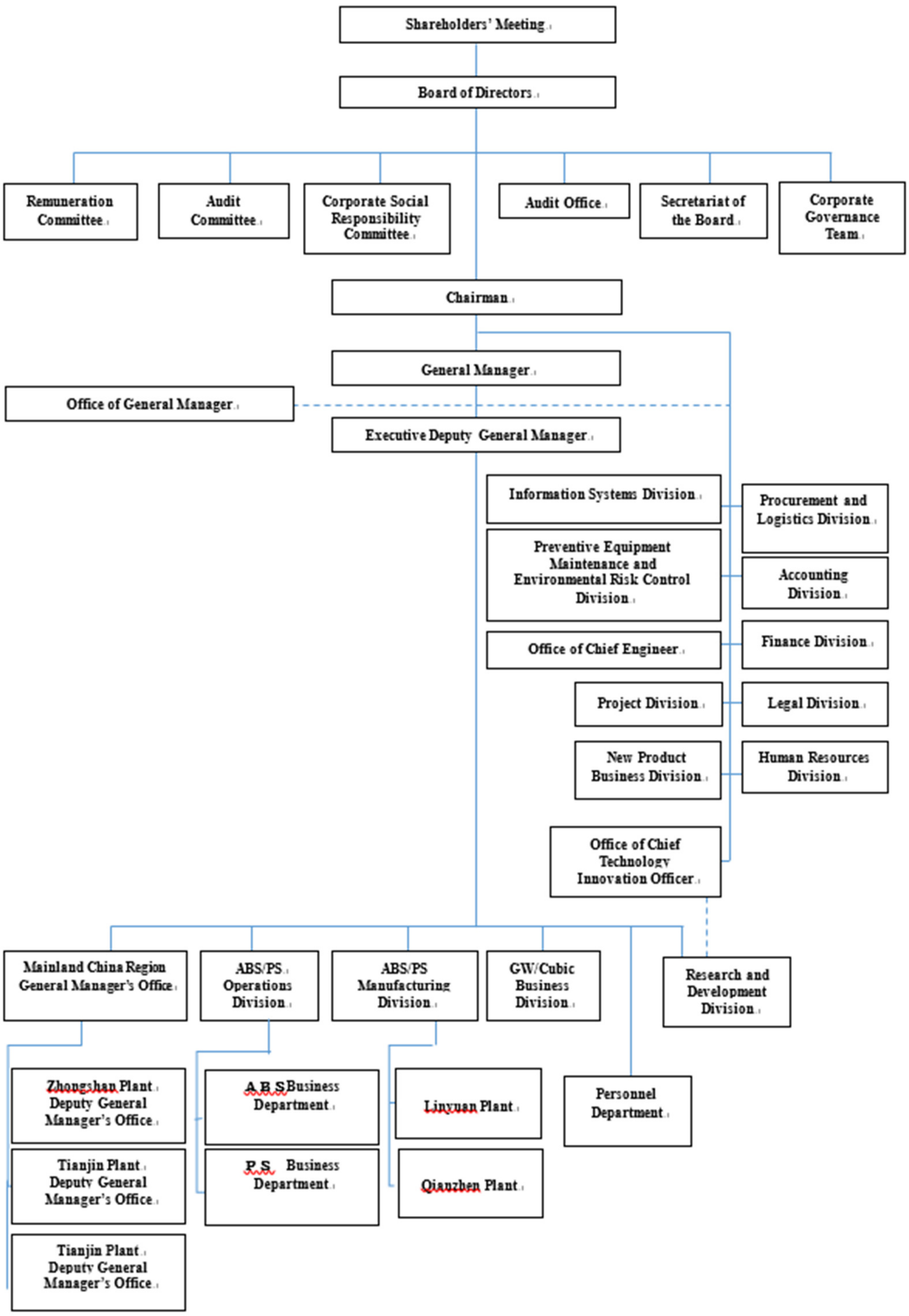
In 2021, the Company completed earnings capitalization for NT$189,327,070, with its paid-in capital reaching NT$3,975,868,480.

In March 2022, invested US$48,580,000 into Zhangzhou Taita Chemical Co., Ltd.

Chapter 3. Corporate Governance Report

I. Organizational System

(I) The Company's organizational structure: organizational diagram - March 15, 2023



Businesses of each major department

Department	Main responsibilities
General Manager	Overall management of the Company
Audit Office	1. Implement internal audit and improve work flows in the Company. 2. Evaluate the soundness and reasonableness of the Company's internal control systems, as well as the effectiveness of their implementations at all departments and divisions.
Secretariat of the Board	1. Plan and handle matters related to Board of Directors' meetings. 2. Handle matters related to shareholders' meetings such as convening shareholders' meetings, dealing with various announcements and reporting associated with Shareholders' meetings, preparing agenda handbooks and keeping information regarding shareholders present at shareholders' meetings in accordance with the law. 3. Assist in promoting and handling decrees issued by the competent authority
Corporate Governance Team	1. Execute related affairs for the Board of Directors meetings and shareholders' meetings 2. Prepare meeting minutes for the meetings of the Board of Directors and shareholders' meetings 3. Assist directors in their appointment and continuing education. 4. Provide documents required for performance of duties by the Directors 5. Assist the Directors in regulatory compliance 6. Other matters set forth in the Company's Articles of Association or contracts.
General Manager's Office - Mainland China	In charge of all matters related to the manufacturing, R&D, storage, quality assurance, shipping coordination, maintenance of facility and equipment, occupational safety and environmental protection at the Zhongshan and Tianjin plants in Guangdong China.
ABS/PS Operations Department	1. Management of the sales of ABS/PS products 2. Domestic and export sales of ABS/PS products 3. Administrative affairs of the business unit
ABS/PS Production Department	Linyuan Plant (ABS)/Qianzhen Plant (PS): Manufacturing, R&D, storage, quality management, coordination of Company product deliveries and maintenance of factory equipment, and occupational safety and environmental protection affairs.
Toufen Plant	1. Manage overall manufacturing, R&D, and sales of glasswool products 2. Manage overall sales of glasswool products 3. Manage overall production of glasswool products

Department	Main responsibilities
Personnel Division	Taking charge of all personnel affairs of the Company.
Research and Development Division	Research and development of ABS/PS products
Information Systems Division	Planning, building, developing, and managing various information systems and facilities
Procurement and Logistics Division	1. Purchase and audit major capital expenditures including bulk raw materials, machinery and equipment. 2. Plan the supervision and execution of trading and transportation, warehousing and customs-related operations.
Facilities Preventive Maintenance and Environmental Risk Management Division	1. Assist the Group in establishing preventive maintenance systems at all plants 2. Improve and enhance existing equipment 3. Equipment fault management and prevention 4. Routine/non-routine audit, counseling and training 5. Environment risk management planning and technical supervision 6. Plan and promote compliance with laws related to energy conservation and carbon reduction, and establish related systems
Accounting Division	1. Preparation and analysis of financial statements and budgets to be used by decision-making units for the management and formulation of strategies 2. Establishment, evaluation and implementation of accounting systems 3. Tax planning and declaration. 4. Regular announcement or reporting of financial performance
Office of Chief Engineer	1. Assist and participate in the construction of new plants, or deal with such constructions entirely 2. Assist and participate in the improvement of equipment and local manufacturing processes in operation, or deal with such cases entirely 3. Integration of engineering personnel and engineering specifications
Finance Division	1. Fund dispatch and foreign exchange management. 2. Financing planning and financial investment. 3. Product insurance and claims settlement. 4. Customer credit granting and risk control. 5. Shareholders' affairs and compliance with laws and regulations. 6. Financial project planning and execution.

Department	Main responsibilities
Human Resources Division	1. Plan human resources strategies and systems 2. Plan training and organizational development strategies 3. Plan and handle salary and benefits 4. Provide employee services and handle general affairs 5. Assist overseas branches in organizational planning, as well as dispatch and training of personnel
Legal Division	1. Review of contracts and legal documents. 2. Handling of legal disputes. 3. Research on legal issues of special projects. 4. General legal advice. 5. Other matters related to legal affairs.
New Product Business	1. Assist in formulating marketing strategies for new businesses, and establish appropriate business models 2. Responsible for developing new products or acquiring new customers to increase revenue 3. Integrate Company resources and generate synergy so as to enhance the successful development of new businesses
Planning Division	1. Develop and propose product trees, according to markets for current products and products to be invested in the future, as well as the technical strengths and weaknesses of such products, for future planning and development 2. Overall economic tracking and analysis. 3. Track and analyze upstream industries and future competitors 4. Project coordination and follow-up
Office of Chief Technology Officer	Integrating product R&D and innovation of related enterprises of the Group.

II. Directors, General Manager, Deputy General Manager, Senior Managers, and Managerial Officers of Various Departments or Branches

(I) Members of the Board of Directors

1. Information regarding members of the Board of Directors

April 1, 2023

Title (Note 1)	Nationality or Place of Incorporation	Name	Gender Age	Date of election (appointment)	Term	Date First Elected (Note 2)	Shares Held when Elected		Shares Currently Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 3)	Titles held in the Company and other companies.	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within Second-Degree Kinship			Notes
							Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	with the Issuer	
Chairman and Chief Executive Officer	Taiwan (R.O.C.)	Union Polymer International Investment Corporation	–	2021.7.26	3 years	2003.6.3	126,634,858	36.79%	146,263,260	36.79%	–	–	0	0%	Chairman, USI	Note 6	None			Note 5
	Taiwan (R.O.C.)	Representative:Wu, Yi-Gui	Male 71~75 years old			1997.3.1	–	–	0	0%	–	–	0	0%						
Director and General Manager	Taiwan (R.O.C.)	Union Polymer International Investment Corporation	–	2021.7.26	3 years	2003.6.3	126,634,858	36.79%	146,263,260	36.79%	–	–	0	0%	Note 7	Note 8	None			
	Taiwan (R.O.C.)	Representative:Wu, Pei-Chi	Male 56-60 years old			2018.6.22	–	–	0	0%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	USIFE Investment Co., Ltd.	–	2021.7.26	3 years	2021.7.26	1,209,113	0.35%	1,415,368	0.36%	–	–	0	0%	Note 9	Director of USI Education Foundation	None			
	Taiwan (R.O.C.)	Representative: Ma, I-Kung	Female 71~75 years old			2015.6.9	–	–	0	0%	–	–	0	0%						
Director	Taiwan (R.O.C.)	USIFE Investment Co., Ltd.	–	2021.7.26	3 years	2021.7.26	1,209,113	0.35%	1,415,368	0.36%	–	–	0	0%	Master of Business Administration, University of Chicago (U.S.A.)	None	None			
	Taiwan (R.O.C.)	Representative:Ying, Bao-Luo	Male 71-75 years old			2008.11.1	–	–	32,091	0.01%	0	0%	0	0%						
Director	Taiwan (R.O.C.)	Taiwan Union International Investment Corporation	–	2021.7.26	3 years	2018.6.22	15,166,663	4.41%	8,854,995	2.23%	–	–	0	0%	Department of Chemical Engineering, Chung Yuan Christian University; United Nylon Co., Ltd.; China Phosphate Co., Ltd.; and TSRC Corporation	Note 10	None			
	Taiwan (R.O.C.)	Representative: Ko, I-Shao	Male 71-75 years old			2003.1.1	–	–	0	0%	0	0%	0	0%						

Title (Note 1)	Nationality or Place of Incorporation	Name	Gender Age	Date of election (appointment)	Term	Date First Elected (Note 2)	Shares Held when Elected		Shares Currently Held		Shares Held by Spouse and Minor Children		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 3)	Titles held in the Company and other companies.	Managerial Officers, Directors or Supervisors Who Are Spouses or Relatives within Second-Degree Kinship			Notes
							Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	with the Issuer	
Independent Directors	Taiwan (R.O.C.)	Chen, Tien-Wen	Male 61-65 years old	2021.7.26	3 years	2015.6.9	0	0%	0	0%	–	–	0	0%	Note 11	Note 12	None			
Independent Directors	Taiwan (R.O.C.)	Wei, Yung-Tu	Male 76-80 years old	2021.7.26	3 years	2021.7.26	0	0%	0	0%	0	0%	0	0%	Master of Enterprise from George University, President of Deloitte Taiwan, and Chairman of United Way of Taiwan.	Note 13	None			
Independent Directors	Taiwan (R.O.C.)	Li, Kuo-Hsiang	Male 66-70 years old	2021.7.26	3 years	2021.7.26	0	0%	0	0%	0	0%	0	0%	Note 14	Note 15	None			
Independent Directors	Taiwan (R.O.C.)	Juan, Chi-Yin	Male 66-70 years old	2021.7.26	3 years	2017.6.16	0	0%	0	0%	–	–	0	0%	Note 16	Note 17	None			

Note 1: For corporate shareholders, their names and representatives shall be stated (for representatives, the names of corporate shareholders they represent shall be indicated respectively), and filled in Table 1.

Note 2: Please indicate the actual age, which can be expressed in a range, such as 41~50 years old or 51~60 years old.

Note 3: Fill in the date on which he/she served as the Company's director or supervisor for the first time; and any disruption of term of office should be included in a separate note.

Note 4: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, should be disclosed along with job titles and responsibilities.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the seats for independent directors, or more than half of the members of the Company's current Board of Directors do not serve concurrently as employees or managerial officers).

The Chairman of the Board of Directors also serves as the Chief Executive Officer for the purpose of overall operation. The Chairman of the Board of Directors is given the opportunity to participate in the operation of the Company through his excellent management vision, in order to implement management decisions and enhance operational efficiency. The Company now has four independent directors. More than half of the current members of the Company's Board of Directors do not serve as employees or managerial officers concurrently, which is audited and certified by Deloitte Taiwan. The Company has also established an Audit Committee, a Remuneration Committee, a ESG Committee, and a Corporate Governance Team to strengthen corporate governance, and to reduce operational risks continuously through a rigorous internal control mechanism.

Note 6: Chairman: USI, CGPC, APC, TTC, Acme Electronics Corporation, Union Polymer, USI Optronics Corporation, Swanson Plastic Corporation, Swanson Technologies Corporation, Chong Loong Trading, USI Investment, CGPC Polymer Corporation, APC Investment, TUVC, USI Management Consulting, Acme (Cayman), USI Educational Foundation, Fujian Gulei Petrochemical Company.

Director: Taiwan VCM Corporation, USI (Hong Kong), Swanlake, USI International Corporation, Acme Components (Malaysia) Sdn. Bhd., Forever Young Co., Ltd., Curtana Co., Ltd., Swanson Plastics (Singapore) Pte. Ltd., Swanson Plastics (Malaysia) Sdn. Bhd., Swanson International, Swanson Plastics (India) Private Limited, Swanson Plastics (Kunshan) Co., Ltd., Golden Amber Enterprises, Acme Electronics (BVI) Corporation, Acme Electronics (Kunshan) Co., Ltd., Acme Electronics (Guangzhou) Co., Ltd., Forum Pacific Trading Ltd., Taita (BVI) Holding Co., APC (BVI) Holding Co. Ltd., CGPC (BVI) Holding Co., Ltd., CGPC America Corporation, A.S. Holdings (UK) Limited, ASK-Swanson (Kunshan) Co., Ltd., Acme Ferrite Products Sdn. Bhd., Swanson Plastics (Tianjin) Co., Ltd., Cypress Epoch Limited, Ever Conquest Global Limited, Ever Victory Global Limited, Dynamic Ever Investments Limited, USIG (Shanghai) Co., Ltd., PT. Swanson Plastics Indonesia, USIGE, USI (Zhangzhou), Yu-Tao Investment, Da-Sheng Venture Capital, Da-Sheng One Yi VC, CTCI Group

General Manager: Union Polymer, USI Management Consulting, Dynamic Ever Investments, Ever Victory Global

Chief Executive Officer: USI, APC, CGPC, TTC, Acme Electronics Corporation and USI Optronics Corporation

Executive Director: Chinese National Federation of Industries

Note 7: General Manager of Thermoset Materials Division in Asia Pacific, and Director of Basic Plastic Sales in Greater China, Dow Chemical; Sales Engineer, Taiwan Branch, ESSO

Note 8: Chairman: USI Green Energy, TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai), Zhangzhou Taita Chemical, USIG (Shanghai), and USI (Zhangzhou)

Director: Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, Golden Amber Enterprises Ltd., Swanlake Traders Ltd., USI, APC, CGPC, USI Investment, APC Investment, Chong Loong Trading, Swanson Plastics, Swanson Technologies Corporation, INOMA, USI Education Foundation, TUVC, Union Polymer, USI Management Consulting, Acme Electronics (Kunshan), Fujian Gulei Petrochemical, USI Optronics Corporation, USI (Hong Kong)

General Manager: USI, Taita, APC, Chong Loong, USI Trading (Shanghai), USIG (Shanghai)

Note 9: Master of City and Regional Planning, Rutgers, the State University of New Jersey (U.S.A.); member of the Third and Fourth Session of the Control Yuan, Taiwan (R.O.C.); member of the Council of Cultural Affairs, Executive Yuan, Taiwan (R.O.C.); member of the Environmental Impact Assessment Committee under the Environmental Protection Administration, Taiwan (R.O.C.); and Distinguished Professor, Department of Landscape Architecture, Chung Hua University

Note 10: Zhenjiang Union Chemical Industry Co., Ltd., Zhongshan Unicizers Industrial Co., Ltd., Zhuhai Unicizers Industrial Co., Ltd., Taizhou Union Chemical Industry Co., Ltd., Taizhou Union Logistics Co., Ltd., Taizhou Union Plastics Industry Co., Ltd., Taiwan Union International Investment, Jiangsu Union Logistics Co. Ltd., Guangdong Union Logistics Co., Ltd., Panjin Union Chemical Industrial Co., Ltd., Panjin Union Logistics Co., Ltd., Panjin Union Materials Industry Co., Ltd., Nanchong Unicizers Industrial Co., Ltd., Sichuan Logistics Co., Ltd., Wei-Chen Investment

Executive Director: Zhenjiang Lianju

Director: APC, CGTD, UPC Group, Lien-Cheng VC, Lien-Hwa United LPG, UPC CHEMICALS (MALAYSIA) SDN.BHD, UPCM TRADING (THAILAND) COMPANY LIMITED, UPCM TRADING (VIETNAM) COMPANY LIMITED, APC (BVI) Holding Co., Ltd., Taita (BVI) Holding Co., Ltd.

General Manager: UPC Group, Zhenjiang Union Chemical Industry Co., Ltd., Zhongshan Unicizers Industrial Co., Ltd., Zhuhai Unicizers Industrial Co., Ltd., Zhongshan Union Trading Co., Ltd., Taizhou Union Chemical Industry Co., Ltd., Taizhou Union Logistics Co., Ltd., Taizhou Union Plastics Industry Co., Ltd., Jiangsu Union Logistics Co. Ltd., Guangdong Union Logistics Co., Ltd., Panjin Union Chemical Industrial Co., Ltd., Panjin Union Logistics Co., Ltd., Panjin Union Materials Industry Co., Ltd., Panjin Plastics, Nanchong Unicizers Industrial Co., Ltd. and Sichuan Logistics Co., Ltd.

Note 11: Master of Business Administration, University of Southern California (U.S.A.); Sales Manager, JP Morgan Chase Bank (U.S.A.); Vice President and Taiwan representative, Merrill Lynch (U.S.A.); founder and Chairman, affiliated companies (Capital Investment Management Corporation, Capital Investment Trust Corporation and Capital Futures Corporation) of the Capital Group (Taiwan); and Director, Cathay Financial Holding Co. Ltd.

Note 12: Chairman: Chia Shih Construction Co., Ltd
Independent Directors: Taiwan Secom Co., Ltd., Yeong Guan Holdings Co., Limited
Consultant: Chinese National Association of Industry and Commerce, Taiwan

Note 13: Chairman: YCSY Co., Ltd.
Directors: Vanguard International Semiconductor Corporation, MiTAC Holdings Corporation, IRON FORCE INDUSTRIAL CO., LTD.
Independent Directors: Cathay Financial Holdings, Cathay United Bank, Cathay General Securities, Cathay Securities Corporation and Far Eastern Department Stores Ltd.

Note 14: Master of Business Administration from the University of Chicago, Bachelor of Electrical Engineering from National Taiwan University, Chairman of the 2nd Taipei Cosmetics Industry Association, Chairman of the 11th and 12th Taiwan Cosmetics Industry Association, Supervisor or Council Member of the 6th to 12th term of Chinese National Federation of Industries.

Note 15: Chairman: Taiwan Province Shiseido, FLELIS INTERNATIONAL INC., and Huazizhuangye.
Council Member: Chinese National Federation of Industries

Note 16: JD, Rutgers University Law School, Tsar & Tsai Law Firm, Baker McKenzie, VP, Chief Legal Officer, and senior advisor at MiTac International Corp.

Note 17: Independent Director: TricornTech Taiwan Corporation
President of the Taiwan Technology Industry Legal Officers Association; Associate Professor, Soochow University

2. Major shareholders of corporate shareholders:

April 1, 2023

Name of Institutional Shareholders (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	Percentage of Shares Held
Union Polymer International Investment Corporation	USI Corporation	100.00%
USIFE Investment Co., Ltd.	USI Corporation	100.00%
Taiwan Union International Investment Corporation	UPC Technology Corporation	100.00%

Note 1: For Directors and Supervisors who are the representatives of corporate shareholders, the names of the corporate shareholders shall be disclosed.

Note 2: Fill in the name of the major shareholders of these corporate shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages. If the major shareholder is a juristic person, the shareholder's name shall be filled in Table 2 below.

Note 3: Where an institutional shareholder is not organized as a company, the shareholder name and shareholding ratio required above shall be the name of the funder or donor and the funding or donation ratio.

3. Major Shareholders for Institutional Shareholders

April 1, 2023

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	Percentage of Shares Held
USI Corporation	Shing Lee Enterprise (Hong Kong) Limited	14.62%
	Wholegainer Company Limited' investment account is under custody of Fubon Securities Co., Ltd.	9.25%
	Asia Polymer Corporation	8.53%
	Fubon Life Insurance Co., Ltd.	4.49%
	Tai-Hsing Investment Co.	2.04%
	Lin, Hua-Hsin	1.75%
	Yueh Hsing Hua Investment Co., Ltd.	1.73%
	Yu, Wen-Hsuan	1.41%
	Yu, Wen-Tsung	1.41%
UPC Technology Corporation	Lien Hwa Industrial Holdings Corp.	31.32%
	Synnex Technology International Corporation	5.09%
	Yi Yuan Investment Co., Ltd.	1.59%
	Liberty Stationery Corporation	1.52%
	Mei An Investment Co., Ltd.	1.46%

Name of Institutional Shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)	Percentage of Shares Held
	Tsu Feng Investment Co., Ltd.	1.29%
	MiTac International Corp.	1.19%
	Pornchai Engineering & Trading Company Limited	1.10%
	Tung Ta Investment Co., Ltd.	1.07%
	CITIBANK TAIWAN was entrusted with the investment account of the Norges Central Bank	0.99%

Note 1: If the major shareholder in Table 1 above is a corporation, the name of the corporation should be entered.
Note 2: Fill in the name of the major shareholders of these corporate shareholders (include top 10 major shareholders by shareholding percentage) and their shareholding percentages.
Note 3: Where an institutional shareholder is not organized as a company, the shareholder name and shareholding ratio required above shall be the name of the funder or donor and the funding or donation ratio.

4. Director Information

(1) Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors:

Terms / Name	Professional Qualifications and Experiences	Status of Independence	Number of Independent Directors of Other Public Companies
Wu, Yi-Gui	(1) Now the Chairman and CEO of USI Corporation and its affiliated companies, having professional experience in corporate management and direct supervision of financial supervisor, accounting supervisor, etc. (2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	N/A.	N/A.
Ma, I-Kung	(1) Formerly a member of the Supervisory Committee and currently a director of the Educational Foundation, with expertise in corporate governance and corporate sustainable development. (2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.		

Terms / Name	Professional Qualifications and Experiences	Status of Independence	Number of Independent Directors of Other Public Companies
Wu, Pei-Chi	(1) General Manager of the Company and APC, experienced in business operation and management. (2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.		
Ying, Bao-Luo	(1) Formerly the General Manager of the Company and foreign companies, experienced in international enterprise management. (2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.		
Ko, I-Shao	(1) General Manager of UPC Technology Corporation, with chemical expertise. (2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.		
Chen, Tien-Wen	(1) Formerly the Chairman of affiliates of the Capital Group and now the Chairman of Chia Shih Construction Co., Ltd., with expertise in corporate operations management. (2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	During the two years before the election and during the term of office, there was no circumstance mentioned in Paragraph 1 of Article 3 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed.	2
Wei, Yung-Tu	(1) Formerly the President of Deloitte Taiwan, CPA, with professional experience in accounting and finance. (2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.		3 (Note)
Li, Kuo-Hsiang	(1) Chairman of Taiwan Shiseido, experienced in business operation and management. (2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.		0

Terms / Name	Professional Qualifications and Experiences	Status of Independence	Number of Independent Directors of Other Public Companies
Juan, Chi-Yin	(1) At present, he is an associate professor in the Institute of Science and Technology Law of Soochow University. He once served as deputy general manager, chief legal officer and senior consultant of Mitac International Corporation, and has experience in legal affairs. (2) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.		1

Note: Independent Director Wei, Yung-Tu is also an independent director of four other public companies, three of which are Cathay Financial Holdings and its 100% owned Cathay United Bank and Cathay Securities Corporation. According to Article 4 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed, if the public company concurrently holds all the shares of a financial holding company, and if it holds more than one position, the number of concurrent positions will be counted as the number of concurrent positions. Therefore, the rule that the number of concurrent positions should not exceed three is not violated when calculated according to this regulation.

(2)Diversity and Independence of the Board of Directors

(2.1) Diversity of the Board of Directors:

According to Article 20 of the Company's "Corporate Governance Best Practice Principles", diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

I. Ability to make sound business judgments.

II. Ability to perform accounting and financial analysis.

III. Ability to manage a business.

IV. Ability to handle crisis management.

V. Knowledge of the industry.

VI. An international market perspective.

VII. Leadership skills.

VIII. Decision-making ability.

In addition to the eight competencies listed above, the Company added legal and environmental capabilities to the list in light of growing global attention on corporate governance issues and environmental protection, as well as the pressing need for diversified professional skillsets in the Board. At present, existing members of the Board of Directors possess the knowledge, skills, and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, laws and environmental protection.

The members of the current Board of Directors were elected on July 26, 2021. Among them, Wei, Yung-Tu, an independent director, received a Master of Business Administration degree from George University in the United States. He used to be the President of Deloitte Taiwan and has professional accounting qualifications or relevant financial management expertise; Li, Kuo-Hsiang, an independent director, holds an MBA degree from the University of Chicago, USA. He is currently the chairman of Shiseido (stock) company in Taiwan Province, and has the ability of operation and management, international market and leadership decision-making. Both new directors are helpful to improve the quality of the board of directors' review proposals and achieve the goal of implementing the policy of diversity of directors.

The Company plans to add a new director with legal expertise to further its board diversity goal. Preferably the role will be filled by an individual with an attorney's license who specializes in technology laws and practices to strengthen the protection of the Company's patent rights. The Company also plans to add another director who specializes in risk management to increase the Company's sustainability. The goal of board diversification is to include directors with legal, risk management, or other specialties in the board, to further enhance the functional effectiveness of the Board.

(2.2) Independence of the Board of Directors:

The Company's independent directors have served less than 3 consecutive terms. The members of the Board of Directors of the Company are all Taiwan citizens, including 4 independent directors, accounting for 44%; 2 directors with employee status, accounting for 22%. The current board members include one female member, and the proportion of female directors is 11%. The age distribution of the directors is 1 director aged 51-60, 3 directors aged 61-70 and 5 directors aged 71-80. None of the directors of the Company have a spouse or relation within the second degree of kinship.

(II) General Manager, Deputy General Managers, Associate Managers, and Heads of Departments and Branches

April 1, 2023 Unit: Shares

Title (Note 1)	Nationality	Name	Gender	Date Elected (Appointed)	Shares held		Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Major Work Experience and Academic Qualifications (Note 2)	Concurrent Position(s) in Other Companies	Managerial Officers who are Spouses or Within Second Degrees of Kinship			Notes (Note 3)
					Number of Shares	Shares holding %	Number of Shares	Shares holding %	Number of Shares	Shares holding %			Title	Name	with the Issuer	
Chief Executive Officer	Taiwan (R.O.C.)	Wu, Yi-Gui	Male	2009.9.1	0	0.00%	–	–	0	0.00%	Chairman, USI	Note 4	None	None	None	
General Manager	Taiwan (R.O.C.)	Wu, Pei-Chi	Male	2017.12.22	0	0.00%	0	0.00%	0	0.00%	Note 5	Note 6	None	None	None	
Executive Deputy General Manager	Taiwan (R.O.C.)	Yen, Tai-Ming	Male	2015.7.6	0	0.00%	0	0.00%	0	0.00%	EMBA, National Sun Yat-sen University (Taiwan)	Director and General Manager: TTC (Zhongshan) Taita Chemical (Tianjin) Co., Ltd.	None	None	None	
Corporate Governance Officer	Taiwan (R.O.C.)	Chen, Yung-Chih	Male	2019.5.9	0	0.00%	0	0.00%	0	0.00%	(Note 7)	(Note 8)	None	None	None	
Supervisor of Accounting Department	Taiwan (R.O.C.)	Lin, Chin-Tsai	Male	2001.4.17	0	0.00%	0	0.00%	0	0.00%	Department of Statistics, National Cheng Kung University	Accounting manager Taiwan VCM Corporation	None	None	None	
Supervisor of Finance Department	Taiwan (R.O.C.)	Chuang, Kai-Hui	Female	2015.4.24	0	0.00%	0	0.00%	0	0.00%	Master of Finance, University of Houston (U.S.A.)	None	None	None	None	

Note 1: Information regarding General Manager, Deputy General Manager, senior managers, managerial officers of departments and branches shall be included, whereas information regarding positions equivalent to General Manager, Deputy General Manager or senior managers shall be disclosed regardless of job title.

Note 2: Work experiences of anyone in the table above that are related to their current roles, such as previous employment at CPA firms or employment in affiliated companies, should be disclosed along with job titles and responsibilities.

Note 3: If the General Manager or personnel with equivalent position (chief officer) and the Chairman are the same person, spouses or relatives within first degree of kinship, relevant information on the reasons, reasonability, necessity, and measures to be taken accordingly (e.g. by way of increasing the number of independent directors and having half of the directors not serving as employees or officers concurrently) shall be addressed.

The Chairman of the Board of Directors also serves as the Chief Executive Officer for the purpose of overall operation. The Chairman of the Board of Directors is given the opportunity to participate in the operation of the Company through his excellent management vision, in order to implement management decisions and enhance operational efficiency. The Company now has four independent directors. More than half of the current members of the Company's Board of Directors do not serve as employees or managerial officers concurrently, which is audited and certified by Deloitte Taiwan. The Company has also established an Audit Committee, a Remuneration Committee, a ESG Committee, and a Corporate Governance Team to strengthen corporate governance, and to reduce operational risks continuously through a rigorous internal control mechanism.

Note 4: Chairman: USI, CGPC, APC, TTC, Acme Electronics Corporation, Union Polymer, USI Optronics Corporation, Swanson Plastic Corporation, Swanson Technologies Corporation, Chong Loong Trading, USI Investment, CGPC Polymer Corporation, APC Investment, TUVC, USI Management Consulting, Acme (Cayman), USI Educational Foundation, Fujian Gulei Petrochemical Company.

Director: Taiwan VCM Corporation, USI (Hong Kong), Swanlake, USI International Corporation, Acme Components (Malaysia) Sdn. Bhd., Forever Young Co., Ltd., Curtana Co., Ltd., Swanson Plastics (Singapore) Pte. Ltd., Swanson Plastics (Malaysia) Sdn. Bhd., Swanson International, Swanson Plastics (India) Private Limited, Swanson Plastics (Kunshan) Co., Ltd., Golden Amber Enterprises, Acme Electronics (BVI) Corporation, Acme Electronics (Kunshan) Co., Ltd., Acme Electronics (Guangzhou) Co., Ltd., Forum Pacific Trading Ltd., Taita (BVI) Holding Co., APC (BVI) Holding Co. Ltd., CGPC (BVI) Holding Co., Ltd., CGPC America Corporation, A.S. Holdings (UK) Limited, ASK-Swanson (Kunshan) Co., Ltd., Acme Ferrite Products Sdn. Bhd., Swanson Plastics (Tianjin) Co., Ltd., Cypress Epoch Limited, Ever Conquest Global Limited, Ever Victory Global Limited, Dynamic Ever Investments Limited, USIG (Shanghai) Co., Ltd., PT. Swanson Plastics Indonesia, USIGE, USI (Zhangzhou), Yu-Tao Investment, Da-Sheng Venture Capital, Da-Sheng One Yi VC, CTCI Group

General Manager: Union Polymer, USI Management Consulting, Dynamic Ever Investments, Ever Victory Global

Chief Executive Officer: USI, APC, CGPC, Acme Electronics Corporation and USI Optronics Corporation

Executive Director: Chinese National Federation of Industries

Note 5: General Manager of Thermoset Materials Division in Asia Pacific, and Director of Basic Plastic Sales in Greater China, Dow Chemical; Sales Engineer, Taiwan Branch, ESSO

Note 6: Chairman: USI Green Energy, TTC (Zhongshan), TTC (Tianjin), USI Trading (Shanghai), Zhangzhou Taita Chemical, USIG (Shanghai), and USI (Zhangzhou)

Director: Dynamic Ever Investments Ltd., Ever Victory Global Limited, Ever Conquest Global Limited, Taita (BVI) Holding Co., Ltd., APC (BVI) Holding Co., Ltd., USI International Corporation, Golden Amber Enterprises Ltd., Swanlake Traders Ltd., USI, APC, CGPC, USI Investment, APC Investment, Chong Loong Trading, Swanson Plastics, Swanson Technologies Corporation, INOMA, USI Education Foundation, TUVC, Union Polymer, USI Management Consulting, Acme Electronics (Kunshan), Fujian Gulei Petrochemical, USI Optronics Corporation, USI (Hong Kong)

General Manager: USI, APC, Chong Loong, USI Trading (Shanghai), USIG (Shanghai)

Note 7: PhD in Law, University of Munich, Germany; Lawyer, Winkler Partners, Arbitrator of Chinese Arbitration Association, Taipei.

Note 8: Independent Director: Manzai Industrial Co., Ltd.

Director: Continental General Plastics (Zhongshan) Co.,Ltd., Acme Electronics (Kunshan) Co., Ltd., Acme Electronics (Guangzhou) Co., Ltd.

Supervisors: Union Polymer International Investment Corporation, Zhangzhou Taiju Trading Co., Ltd., USII Trading (Shanghai) Co., Ltd., Chong Loong Trading Co., Ltd., INOMA Corporation, USI Green Energy Corporation, USI Optronics Corporation, Swanson Plastics Corporation, Swanson Plastics (Kunshan) Co., Ltd., Swanson Plastics (Tianjin) Co., Ltd., ASK-Swanson (Kunshan) Co., Ltd., USIFE Investment Co., Ltd., APC Investment Corporation, Taiwan United Venture Capital Corp., Taiwan United Venture Management Corporation, Delmind Inc., Global Green Technology Corporation, Zhongshan Huaju Plastic & Chemical Products Co., Ltd., Cerebra, Technologies Co., Ltd., and FiduciaEdge Technologies Co., Ltd.

Corporate governance officer: USI, APC, CGPC, Acme Electronics Corporation

(III) Where the Chairman, General Manager, or individual with equivalent roles are the same individual, spouses, or relatives within the first degree of kinship, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managers).

The Chairman of the Board of Directors also serves as the Chief Executive Officer for the purpose of overall operation. The Chairman of the Board of Directors is given the opportunity to participate in the operation of the Company through his excellent management vision, in order to implement management decisions and enhance operational efficiency.

The Company now has four independent directors. More than half of the current members of the Company's Board of Directors do not serve as employees or managerial officers concurrently, which is audited and certified by Deloitte Taiwan. The Company has also established an Audit Committee, a Remuneration Committee, a ESG Committee, and a Corporate Governance Team to strengthen corporate governance, and to reduce operational risks continuously through a rigorous internal control mechanism.

III. Remuneration of Directors, Supervisors, General Manager, and Deputy General Managers

If any of the following applies to a Company, the name of the Director or Supervisor involved and the remuneration paid to him/her shall be disclosed. For the remaining Directors or Supervisors, the Company may opt to either disclose information in aggregate remuneration with their names indicated in each numerical range or disclose their names and method of remuneration individually (If the latter is chosen, please fill their positions, names and remuneration amounts individually. The Company shall not need to fill the table for ranges of remuneration):

1. Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual "Directors and Supervisors" shall be disclosed; provided that it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses.
2. The remuneration of individual directors shall be disclosed if the directors' shareholding has been inadequate for at least three consecutive months in the most recent year, and the remuneration of individual executives shall be disclosed if the executives' shareholding has been inadequate for at least three consecutive months in the most recent year.
3. If the average qualitative ratio of directors or executives is greater than 50% for any three months of the most recent year, the remuneration of individual directors or executives whose qualitative ratio is greater than 50% for each month shall be disclosed.
4. If the total amount of remuneration received by all the directors and supervisors of a company from all the companies listed in its financial statements exceeds two (2) percent of its net income after taxes, and the

amount of remuneration received by any individual director or supervisor exceeds NT$15 million, the company shall disclose the amount of remuneration paid to individual directors or supervisors. (Description: The remuneration of Directors and Supervisors is calculated based on "Remuneration of Directors" plus "Remuneration of Supervisors" as in the Appendix excluding any remuneration received as concurrent employees.)

5. A listed company that has been evaluated by the Corporate Governance Evaluation Committee in the most recent year, or has been subject to a change in trading method, suspension of trading, termination of listing, or any other criteria approved by the Corporate Governance Evaluation Committee as of the date of publication of the annual report.
6. The average annual salary of the full-time employees of the listed company who do not hold executive positions in the most recent year does not reach NT$500,000.

If the circumstance in sub-item "(I)" or in sub-item "(V)" of the preceding item applies to a company listed on the TWSE or the TPEx, it shall disclose the individual remuneration paid to each of its top five management personnel (e.g., General Manager, Deputy General Managers, Chief Executive Officer, or Chief Financial Officer).

(I) Remuneration Paid to General Directors, Independent Directors, Supervisors, General Manager, and Deputy General Managers

1.Remuneration for general and independent directors

Unit: NT$ thousands

Title	Name	Remuneration of Directors: Remuneration (A) (Note 2): The Company	Remuneration (A) (Note 2): All the Companies Listed in the Consolidated Financial Statements (Note 7)	Severance Pay and Pension (B): The Company	Severance Pay and Pension (B): All the Companies Listed in the Consolidated Financial Statements (Note 7)	Directors' remuneration (C) (Note 3): The Company	Directors' remuneration (C) (Note 3): All the Companies Listed in the Consolidated Financial Statements (Note 7)	Operating expenses (D) (Note 4): The Company	Operating expenses (D) (Note 4): All the Companies Listed in the Consolidated Financial Statements (Note 7)	Sum of A, B, C and D in proportion to Earnings After Tax (Note 10): The Company	Sum of A, B, C and D in proportion to Earnings After Tax (Note 10): All the Companies Listed in the Consolidated Financial Statements (Note 7)	Remuneration Received by Directors serving as concurrent employees: Salaries, Bonuses and Special Allowances (E) (Note 5): The Company	Salaries, Bonuses and Special Allowances (E) (Note 5): All the Companies Listed in the Consolidated Financial Statements (Note 7)	Severance Pay and Pension (F): The Company	Severance Pay and Pension (F): All the Companies Listed in the Consolidated Financial Statements (Note 7)	Employee remuneration (G) (Note 6): The Company: Cash	Employee remuneration (G) (Note 6): The Company: Share	Employee remuneration (G) (Note 6): All the Companies Listed in the Consolidated Financial Statements (Note 7): Cash	Employee remuneration (G) (Note 6): All the Companies Listed in the Consolidated Financial Statements (Note 7): Share	Sum of items A, B, C, D, E and F in proportion to Earnings After Tax (Note 10): The Company	Sum of items A, B, C, D, E and F in proportion to Earnings After Tax (Note 10): All the Companies Listed in the Consolidated Financial Statements (Note 7)	Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Note 11)
Chairman and Chief Executive Officer	Wu, Yi-Gui	2,200	2,200	0	0	0	0	480	480	2,680 0.65%	2,680 0.65%	10,744	10,744	108	108	30	0	30	0	13,562 3.29%	13,562 3.29%	24,085
Director and General Manager	Wu, Pei-Chi																					
Director	Ying, Bao-Luo																					
Director	Ko, I-Shao																					
Director	Ma, I-Kung																					
Independent Directors	Chen, Tien-Wen	4,800	4,800	0	0	0	0	720	720	5,520 1.34%	5,520 1.34%	0	0	0	0	0	0	0	0	5,520 1.34%	5,520 1.34%	None
Independent Directors	Juan, Chi-Yin																					
Independent Directors	Wei, Yung-Tu																					
Independent Directors	Li, Kuo-Hsiang																					

1. Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time:
   The remuneration of Independent Directors is determined in accordance with the Company's Articles of Incorporation and the remuneration policies and regulations. It is also determined by their level of participation in the Company's operations, value of their contribution, and median pay in the industry. The methods of distribution are filed to the Remuneration Committee for approval and the Board of Directors for resolution before implementation. Except for the fixed remuneration, no other consideration is paid each year.
2. In addition to the information disclosed in the table above, remuneration paid to any director of the Company (such as serving as a adviser to all non-employees of the parent company/all companies/re-invested companies in the financial report, etc.) in the most recent fiscal year: None.

Range of Remuneration

Range of Remuneration Paid to the Directors of the Company	Names of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the Financial Report (Note 9) H	The Company (Note 8)	The parent company and reinvestment businesses (Note 9) I
Less than NT$1,000,000	Wu, Yi-Gui / Wu, Pei-Chi / Ko, I-Shao	Wu, Yi-Gui / Wu, Pei-Chi / Ko, I-Shao	Ko, I-Shao	Ko, I-Shao
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	Chen, Tien-Wen / Ma, I-Kung / Juan, Chi-Yin / Ying Pao-Lo / Wei, Yung-Tu / Li, Kuo-Hsiang	Chen, Tien-Wen / Ma, I-Kung / Juan, Chi-Yin / Ying Pao-Lo / Wei, Yung-Tu / Li, Kuo-Hsiang	Chen, Tien-Wen / Ma, I-Kung / Juan, Chi-Yin / Ying Pao-Lo / Wei, Yung-Tu / Li, Kuo-Hsiang	Chen, Tien-Wen / Ma, I-Kung / Juan, Chi-Yin / Ying Pao-Lo / Wei, Yung-Tu / Li, Kuo-Hsiang
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	-	-	Wu, Yi-Gui	-
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-	Wu, Pei-Chi	Wu, Pei-Chi
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	-	-	Wu, Yi-Gui
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	NT$ 8,200 thousand	NT$ 8,200 thousand	NT$ 19,082 thousand	NT$ 43,167 thousand

Note 1: The names of Directors shall be listed separately (for corporate shareholders, their names and the name of their representatives shall be listed separately) and the amount of remuneration paid to them shall be disclosed collectively. This table and table (3-1), or tables (3-2-1) and (3-2-2) below shall be filled out if a Director concurrently serves as the General Manager or Deputy General Manager.

Note 2: Remuneration received by a director in the most recent fiscal year (including director's salary, job-related allowances, separation pay, various bonuses and incentives).

Note 3: Fill the amount of rewards approved by the Board of Directors and distributed to the Directors in the most recent fiscal year.

Note 4: Refers to the execution expenses of relevant businesses of directors in the most recent year (including travel expenses, special expenses, allowances, dormitories, car supplies and other material supplies, etc.). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note.

Note 5: Salary, job-related allowances, separation pay, various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation allowance and vehicle received by Directors who concurrently serve as employees (including general manager, deputy general managers, other managerial officers and employees) in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any compensation recognized in the IFRS 2 - “Share-Based Payment” section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration. The cost of providing General Manager’s official car was NT$2,013 thousand, the book value at the end of 2022 was NT$67 thousand, the driver's salary was 654 thousand yuan, and the related oil fund was NT$190 thousand.

Note 6: For Directors concurrently serving as employees (including general manager, deputy general manager, other managerial officers and employees) who receive employee rewards (including shares and cash), the amount of employee rewards that have been approved by the Board of Directors and are distributed to them in the most recent fiscal year shall be disclosed. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3.

Note 7: The total amount of all the remuneration paid to the Company's Directors by all the companies in the consolidated financial statements (including the Company) shall be disclosed.

Note 8: The name of each Director shall be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the Director by the Company.

Note 9: The total amount of all the remuneration paid to each Director of the Company by all the companies in the consolidated financial statements (including the Company) shall be disclosed. The name of each Director shall be disclosed in the range of remuneration corresponding to the total amount.

Note 10: The after-tax net profit refers to the after-tax net profit in the parent company only or individual financial report in the most recent year.

Note 11:
a. This field shall clearly indicate the amount of remuneration received by the Company's Directors from investees other than a subsidiary or the parent company (if not, please fill in “none”).
b. If a Director of the Company receives remuneration from reinvestment businesses other than subsidiaries or the parent company, the amount of remuneration received by the director from reinvestment businesses other than subsidiaries or the parent company shall be combined into Column I of the table for ranges of remuneration, and this column shall be renamed as "Parent Company and All Reinvestment Businesses".
c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the directors, serving as a director, supervisor or manager of a reinvestment business or parent company of the Company other than

* The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

2.Remuneration of supervisors: Not applicable for the Company has an Audit Committee, which replaces the functions of supervisors.

3.Remuneration for General Manager and Deputy General Managers

Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and special allowances (C) (Note 3)		Amount of employee rewards (D) (Note 4)				Percentage of the total of 4 items A, B, C and D on net income after tax (%) (Note 8)		Remuneration paid to Directors from investees other than the Company's subsidiaries or parent company (Note 9)
		The Company	All the Companies Listed in the Consolidated Financial Statements (Note 5)	The Company	All the Companies Included in the Consolidated Financial Statements (Note 5)	The Company	All the Companies Listed in the Consolidated Financial Statements (Note 5)	The Company		All the Companies Included in the Consolidated Financial Statements (Note 5)		The Company	All the Companies Included in the Consolidated Financial Statements	
								Cash Amount	Share Value	Cash Amount	Share Value			
Chief Executive Officer	Wu, Yi-Gui	8,231	8,444	214	214	7,275	7,356	45	0	45	0	15,765 3.83%	16,059 3.90%	23,937
General Manager	Wu, Pei-Chi													
Deputy General Manager	Yen, Tai-Ming													

* Regardless of job titles, positions that are equivalent to general manager, deputy general manager (such as president, chief executive director and director) shall be disclosed.

Range of Remuneration

Range of Remuneration Paid to the General Manager and Deputy General Managers	Names of General Manager or Deputy General Manager	
	The Company (Note 6)	The parent company and all investees (Note 7) E
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	-	
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Wu, Yi-Gui/Yen, Tai-Ming	-
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Wu, Pei-Chi	Wu, Pei-Chi / Yen, Tai-Ming
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	-	Wu, Yi-Gui
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Total	NT$ 15,765 thousand	NT$ 39,996 thousand

Note 1: The name of the General Manager and Deputy General Manager shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If a Director concurrently serves as a General Manager or Deputy General Manager, his/her name and the amount of remuneration paid to him/her shall be listed in Table (1-1) or (1-2-1) and (1-2-2) above.

Note 2: Fill the salary, job-related allowances and separation pay received by the General Manager and Deputy General Manager in the most recent fiscal year.

Note 3: Fill the amount of various bonuses, incentives, transportation allowance, special allowance, various allowances, accommodation and vehicle received by the General Manager and Deputy General Manager in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please indicate the amount of compensation paid to the driver by the Company, excluding remuneration, in a separate note. Furthermore, any compensation recognized in the IFRS 2 - “Share-Based Payment” section, including issuance of employee stock options, new restricted employee shares and capital increase by stock subscription, shall be included in the calculation of remuneration. A company car is provided to the General Manager and housing facility is provided to the Deputy General Manager. The housing rent for 2022 totaling NT$573 thousand has been included in the salary, bonus, and special allowance in the table above. The cost of the business vehicle was NT$2,013 thousand and the book value as of the end of 2022 was NT$67 thousand. The salary of the driver was NT$654 thousand and the fuel expenses amounted to NT$557 thousand.

Note 4: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the general manager and deputy general manager in the most recent fiscal year. If the amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year, and this amount shall also be filled in Table 1-3. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.

Note 5: The total amount of all the remuneration paid to the Company's General Manager and Deputy General Manager by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed.

Note 6: The name of each General Manager and Deputy General Manager should be disclosed in the range of remuneration corresponding to the amount of all the remuneration paid to the General Manager and Deputy General Manager by the Company.

Note 7: The total amount of all the remuneration paid to each general manager and deputy general manager of the Company by all the companies (including the Company) listed in its consolidated financial statements shall be disclosed. The name of each general manager and deputy general manager shall be disclosed in the range of remuneration corresponding to the total amount mentioned in the preceding sentence.

Note 8: Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.

Note 9:
a. This field shall clearly indicate the amount of remuneration received by the Company's General Manager or Deputy General Manager from investees other than subsidiaries or the parent company (if not, please fill in “none”)..
b. If a General Manager or Deputy General Manager of the Company received remuneration from investees other than subsidiaries of the Company or the parent company, the remuneration received by the General Manager or Deputy General Manager of the Company from investees other than subsidiaries of the Company or the parent company shall be included in E column of the Remuneration Range Table and the name of the field shall be changed to "Parent Company and All Investment Companies".
c. Remuneration in this case refers to remuneration, bonuses (including employee, Director, or supervisor compensation), and allowances received by the General Manager or Deputy General Managers of the Company as the Directors, supervisors, or managerial officers of investees other than subsidiaries or the parent company

* The content of compensation disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information, instead of taxation.

4.The remuneration of the top five executives with the highest remuneration (name and remuneration shall be disclosed individually): Not applicable.

5.Name of Managerial Officers to Which Employee Rewards Are Distributed, and Status of Distribution

Unit: NT$ thousands

	Title (Note 1)	Name (Note 1)	Share Value	Cash Amount	Total	Total remuneration in proportion to Earnings After Tax (%)
Managerial Officer	Chief Executive Officer	Wu, Yi-Gui	0	89	89	0.02%
	General Manager	Wu, Pei-Chi				
	Deputy General Manager	Yen, Tai-Ming				
	Corporate Governance Officer	Chen, Yung-Chih				
	Supervisor of Accounting Department	Lin, Chin-Tsai				
	Supervisor of Finance Department	Chuang, Kai-Hui				

Note 1: Names and positions shall be listed individually, and the amount of profit distributed shall be disclosed collectively.

Note 2: Fill the amount of employee rewards (including shares and cash) that have been approved by the Board of Directors and are distributed to the managerial officers in the most recent fiscal year. If this amount of rewards cannot be estimated, the amount of rewards in the current fiscal year shall be calculated based on the ratio of the amount of rewards distributed in the previous fiscal year. Net income after taxes refers to net income after taxes in the most recent fiscal year. Where IFRS is adopted, net income after taxes refers to net income after taxes recorded in the parent company-only or individual financial statements in the most recent fiscal year.

Note 3: The scope of application for the term "managerial officer" shall follow the approved document with Reference No. T.C.Z.S.Z. No. 0920001301 dated March 27, 2003. Its scope of application shall be as follows:

(1) General Manager and equivalents
(2) Deputy General Manager and equivalents
(3) Associate Manager and equivalents
(4) Supervisor of Finance Department
(5) Supervisor of Accounting Department
(6) Other persons who have the right to manage and sign for the Company

Note 4: Directors, General Manager and Deputy General Manager who receive employee rewards (including shares and cash) shall be listed not only in Table 1-2, but also in this table.

(II) Analysis and comparison of percentages of remuneration paid to the Company's Directors, Supervisors, General Manager and Deputy General Managers by the Company and all the companies listed in its consolidated financial statements in the most recent two fiscal years to the net income (loss) after taxes recorded in its parent company-only or individual financial statements, and explanation on the remuneration policies, standards and packages, procedures for determining remuneration and their correlations with its business performance and future risk exposure.

1. Analysis of total remunerations of directors, general managers and deputy general managers in proportion to earnings after tax:

Year / Type	2022		2021	
	The Company	All the Companies Included in the Consolidated Financial Statements	The Company	All the Companies Included in the Consolidated Financial Statements
General Directors	0.65%	0.65%	0.13%	0.13%
Independent Directors	1.34%	1.34%	0.23%	0.23%
General Directors (Including Those Who Concurrently Serve as Employees and Receive Employees' Compensation)	3.29%	3.29%	0.83%	0.83%
Independent Directors (Including Those Who Concurrently Serve as Employees and Receive Employees' Compensation)	1.34%	1.34%	0.23%	0.23%
Chief Executive Officer, General Manager and Deputy General Managers	3.83%	3.90%	1.03%	1.03%

2. Remuneration Policies, Standards and Packages, Procedures for Determining Remuneration and Correlation of Remuneration with Business Performance and Future Risks:

   (1) Policies, standards and combinations of remuneration

   - The remuneration of the directors is in accordance with Article 19-1 of the Company's Articles of Incorporation, which stipulates, "Regardless of the Company's operating profit or loss, the remuneration shall be based on the value of their participation in and contribution to the Company's operations, with the industry standards in the R.O.C. as a reference." The remuneration of the directors shall not exceed one percent of the profit for the year, and the remuneration of the employees shall not be less than one percent of the profit for the year in accordance with Article 34 of the Company's Articles of Incorporation. The foregoing remuneration is determined with reference to the Company's operating performance and the results of the evaluation of the directors' performance. In addition, the transportation allowances shall be paid according to the resolution of the shareholders' meeting, except that Managerial Officers who concurrently serves as a Director of the Company shall not receive the transportation allowance. The periodic evaluation of directors' performance includes the mastery of the Company's objectives and tasks, the directors' awareness of their duties and responsibilities, their participation in the Company's operations, the operation and communication of internal relations, the directors' professional and continuing education, and internal control.
   - The remuneration of the directors is determined in accordance with the Company's personnel regulations and taking into account operational performance. The business performance includes evaluation of the achievement rate in terms of finance aspect (operating revenue, operating profit and net profit before tax), customer aspect, product aspect, talent aspect, safety aspect and project aspect.

- The combination of remuneration paid by the Company shall be determined by the organizational regulations of the Remuneration Committee, including cash remuneration, stock options, dividends, retirement benefits or severance pay, various allowances and other measures with substantial incentives; Its scope is consistent with that of directors and managerial officers in the criteria of annual retribution records of public companies.

(2) Procedures for fixing remuneration

In order to periodically evaluate the remuneration of directors and managers, the results of the evaluation are based on the Performance Evaluation Measures of the Board of Directors and the Performance Management Measures applicable to managers and employees of the Company, respectively.

The performance evaluation and the reasonableness of the remuneration of directors and managerial officers are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors on an annual basis, with reference to the achievement rate of performance and contribution to the Company, the overall operational performance of the Company, the future risks and development trends of the industry, and the timely review of the remuneration system from time to time in light of the actual operating conditions and relevant laws and regulations, in order to provide reasonable remuneration for the Company's balance of sustainable operation and risk control.

(3) The correlation with the Company's business performance and future risk exposure:

The Remuneration Committee references the Company's overall business performance, outlook of the industry, business risks, and development trends and evaluates the performance targets of the Company's Directors and managerial officers to establish the content and amount of their remuneration individually. The Committee forms recommendations and submits them to the Board of Directors for passage. The Committee reviews the remuneration system for the Company's Directors and managerial officers any time in light of the actual operating conditions and relevant laws and regulations and should not guide the Company's Directors and managerial officers to pursue compensation and engage in behaviors beyond the Company's risk appetite.

IV. Corporate Governance Operations:

(I) Operation of the Board of Directors

A total of six (6) meetings (A) were held by the Board of Directors in the most recent fiscal year (2022). The attendance of the members of the Board was as follows:

Title	Name	1st meeting 2022.3.9	2nd meeting 2022.5.5	3rd meeting 2022.6.7	4th meeting 2022.8.3	5th meeting 2022.9.2	6th meeting 2022.11.2	Number of Attendance in Person B	Number of Attendance by Proxy	Rate of Attendance in Person (%) [B/A] (Note 2)	Notes
Chairman	Wu, Yi-Gui (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Director	Ma, I-Kung (representative of USIFE Investment Co., Ltd.)	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Director and General Manager	Wu, Pei-Chih (representative of Union Polymer International Investment Corporation)	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Director	Yin, Bao-Luo (representative of USIFE Investment Co., Ltd.)	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Director	Ko, I-Shao (representative of Taiwan Union International Investment Corp.)	◎	◎	◎	☆	◎	◎	5	1	83.33	Reelected
Independent Directors	Chen, Tien-Wen	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Independent Directors	Wei, Yung-Tu	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Independent Directors	Li, Kuo-Hsiang	◎	◎	◎	◎	◎	◎	6	0	100	Reelected
Independent Directors	Juan, Chi-Yin	◎	◎	◎	◎	◎	◎	6	0	100	Reelected

Note 1: For directors and supervisors who are corporations, the name of corporate shareholders and their representatives shall be disclosed.

Note 2: (1) Where directors or supervisors resign before the end of the year, the "remark" column shall be annotated with the date of resignation. Actual presence (attendance) rate (%) shall be calculated using the number of Directors' Meetings convened and actual presence (attendance) during the term of service.

(2) Where Directors and Supervisors were re-elected before the end of the year, both the incoming and outgoing Directors and Supervisors shall be listed accordingly. The "remark" column shall be annotated to indicate whether the Director or Supervisor was outgoing, incoming, or re-elected as well as the date of re-election. The Director's rate of attendance in person (%) shall be calculated based on the number of Board of Directors' Meetings held and the attendance in person during his/her term of office.

Note 3: Attendance in person: ◎; Attendance by proxy: ☆.

Other matters to be noted:

1. If any of the following applies to the operations of the Board of Directors, the date and session of the Board meeting, the content of the proposal, opinions of all Independent Directors and the Company's actions in response to the opinions of Independent Directors shall be stated:

   (1) Items listed in Section 3, Article 14 of Securities and Exchange Act:

<table>
<tr><th>Term and Date of Board Meeting</th><th>Resolution and Subsequent Actions</th><th>Items specified in Article 14-3 of the Securities and Exchange Act</th><th>Objections or reservations expressed by Independent Directors</th></tr>
<tr><td rowspan="12">2022
1st
2022.3.9</td><td>1. Ratify the provision of endorsement guarantee for subsidiary Taita Chemical (Zhongshan) Co., Ltd.</td><td>Yes</td><td>None</td></tr>
<tr><td>2. Approve the 2021 reward distribution plan for directors and employees.</td><td>Yes</td><td>None</td></tr>
<tr><td>3. Through the "rules of procedure of shareholders' meeting" part of the amendment.</td><td>Yes</td><td>None</td></tr>
<tr><td>4. Approve the amendment of some provisions in the Regulations Governing the Acquisition and Disposal of Assets</td><td>Yes</td><td>None</td></tr>
<tr><td>5. Appointment of CPAs for 2022</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of independent directors: None</td></tr>
<tr><td colspan="3">The Company's actions in response to the opinions of independent directors: None</td></tr>
<tr><td colspan="3">Resolution: All the Directors present voted in favor of the resolution without any dissenting opinion.</td></tr>
<tr><td>6. Approve the recommendation to lift competition restrictions against newly elected directors at the Annual General Meeting</td><td>Yes</td><td>None</td></tr>
<tr><td colspan="3">Opinions of independent directors: None</td></tr>
<tr><td colspan="3">The Company's actions in response to the opinions of independent directors: None</td></tr>
<tr><td colspan="3">Voting results: The Chair consulted all Directors present, except for Directors Wu,Yi-Gui and Wu, Pei-Chi who had to recuse himself from voting due to a conflict of interest, and they voted unanimously in favor of the resolution.</td></tr>
</table>

Term and Date of Board Meeting	Resolution and Subsequent Actions	Items specified in Article 14-3 of the Securities and Exchange Act	Objections or reservations expressed by Independent Directors
2022 2nd 2022.5.5	Ratify the sale of equipment to related party.	Yes	None
	Opinions of independent directors: None		
	The Company's actions in response to the opinions of independent directors: None		
	Voting results: The Chair consulted all Directors present, except for Directors Wu, Yi-Gui who had to recuse himself from voting due to a conflict of interest, and they voted unanimously in favor of the resolution.		
2022 3rd 2022.6.7	Approved the issuance of new shares.	Yes	None
	Opinions of independent directors: None		
	The Company's actions in response to the opinions of independent directors: None		
	The results of resolution: All the directors present voted in favor of the resolution without any dissenting opinion.		
2022 4th 2022.8.3	1. Ratify the provision of endorsement guarantee for subsidiary TAITA (BVI) Holding Co., Ltd.	Yes	None
	2. Through the revision of the company's internal control system.	Yes	None
	Opinions of independent directors: None		
	The Company's actions in response to the opinions of independent directors: None		
	The results of resolution: All the directors present voted in favor of the resolution without any dissenting opinion.		
2022 5th 2022.9.2	Ratify the provision of endorsement guarantee for subsidiary Taita Chemical (Zhongshan) Co., Ltd.	Yes	None
	Opinions of independent directors: None		
	The Company's actions in response to the opinions of independent directors: None		
	The results of resolution: All the directors present voted in favor of the resolution without any dissenting opinion.		
2022 6th 2022.11.2	1. Ratify the provision of endorsement guarantee for subsidiary TAITA (BVI) Holding Co., Ltd.	Yes	None
	2. Approve remuneration of CPAs for 2022.	Yes	None
	3. Through the revision of the company's internal control system.	Yes	None
	Opinions of independent directors: None		
	The Company's actions in response to the opinions of independent directors: None		
	The results of resolution: All the directors present voted in favor of the resolution without any dissenting opinion.		

(2) Other than the matters mentioned above, other resolutions that are objected and reserved by the Independent Directors and are documented or stated: None.

2. In regards the recusal of Independent Directors from voting due to conflict of interests, the name of the Independent Directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes shall be stated:

<table>
<tr><th>Names of Director</th><th>Resolutions</th><th>Reason for Recusal</th><th>Voting results</th><th>Notes</th></tr>
<tr><td>Wu, Yi-Gui
Wu, Pei-Chi</td><td>Proposal to lift the restrictions on directors' non-competition.</td><td>The recused Director is the subject in the removal of the non-compete clause.</td><td>They did not participate in voting.</td><td rowspan="2">2022
1st</td></tr>
<tr><td>Wu, Yi-Gui
Ma, I-Kung
Wu, Pei-Chi</td><td>Donations to the USI Education Foundation.</td><td>They recused themselves due to conflict of interest as they serve as Directors of the foundation.</td><td>They did not participate in voting.</td></tr>
<tr><td>Wu, Yi-Gui</td><td>The sale of equipment to related party</td><td>They recused themselves due to conflict of interest as they serve as Directors of the related party.</td><td>They did not participate in voting.</td><td>2022
2nd</td></tr>
<tr><td rowspan="3">Wu, Pei-Chi</td><td rowspan="3">Approve the removal of the non-compete clause for managerial officers.</td><td rowspan="3">Directors had conflicts of interest.</td><td rowspan="3">They did not participate in voting.</td><td>2022
4th</td></tr>
<tr><td>2022
5th</td></tr>
<tr><td>2022
6th</td></tr>
</table>

3. Listed company shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors.

Evaluation of the performance for the Board of Directors:

Evaluation cycle (Note 1)	Period of Evaluation (Note 2)	Scope (Note 3)	Method (Note 4)	Evaluation Contents (Note 5)
Once a year	From January 1, 2022 to December 31, 2022	Board performance evaluation	Internal self-evaluation of the Board of Directors	I. Board performance evaluation 1. Degree of engagement in corporate operations 2. Improvement in the quality of decision making by the Board of Directors 3. Composition and structure of the Board of Directors 4. The election of Directors and their continuing education 5. Internal control
		Performance Evaluation of Individual Board Members	Self-evaluation by directors	II. Performance self-evaluation of directors 1. Execution of the Company's goals and tasks 2. Understanding of the director's roles and responsibilities 3. Degree of engagement in corporate operations 4. Management and communication of the internal relations 5. Expertise and continuing education of the directors 6. Internal control.
		Performance evaluation of functional committees	Self-evaluation of the members of functional committees	III. Evaluation of the Audit Committee's Performance 1. Degree of engagement in corporate operations 2. Understanding of the Audit Committee's duties 3. Improvement of the decision-making quality of the Audit Committee 4. Composition of the Audit Committee and selection of committee members 5. Internal control
				IV. Evaluation of the Remuneration Committee's performance 1. Degree of engagement in corporate operations 2. Understanding of duties of the

Evaluation cycle (Note 1)	Period of Evaluation (Note 2)	Scope (Note 3)	Method (Note 4)	Evaluation Contents (Note 5)
				Remuneration Committee 3. Improvement of the decision-making quality of the Remuneration Committee 4. Composition of the Remuneration Committee and selection of committee members

※ The results of the performance evaluation of the Board of Directors and the functional committees in 2022 were reported to the first meeting of the Board of Directors in 2023 (March 3, 2023) and were disclosed on the Company's website after the meeting.

Note 1: It refers to the execution cycle of the board evaluation, such as once a year.

Note 2: It refers to the period covered by the evaluation of the Board of Directors, such as evaluating the performance of the Board of Directors from January 1, 2022 to December 31, 2022.

Note 3: The scope of evaluation covers the evaluation of the performance of the Board of Directors, individual Directors, and functional committees.

Note 4: Methods of evaluations include the self-evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.

Note 5: The evaluation content shall include at least the following items according to the evaluation scope:

(1) Performance evaluation of the Board of Directors: at least including the degree of participation in the operation of the Company, the quality of decision-making of the Board of Directors, the composition and structure of the Board of Directors, the selection and continuous learning of directors, internal control, etc.

(2) Performance evaluation of individual directors: at least including the mastery of the Company's objectives and tasks, directors' responsibility awareness, their participation in the Company's operations, internal relationship management and communication, directors' professional and continuous learning, internal control, etc.

(3) Performance evaluation of functional committees: the degree of participation in the Company's operations, the recognition of the responsibilities of functional committees, the decision-making quality of functional committees, the composition and selection of members of functional committees, and internal control.

4. The targets for strengthening the functions of the Board of Directors

in the current year and recent years (such as the establishment of the Audit Committee and enhancement of information transparency) and the assessment of implementation:

(1) The operation of the Board of Directors of the Company is carried out in accordance with laws and regulations, the Company's articles of association, and the resolutions of the shareholders' meeting. All directors, in addition to possessing the necessary professional knowledge, skills, and literacy to perform their duties, adhere to the principle of loyalty, integrity, and duty of care, and create the maximum benefits for all shareholders.

(2) The Company constantly pays attention to changes in laws and regulations of the competent authority, reviews its Rules of Procedure for Board of Directors' Meetings and Rules Governing the Scope of Powers of Independent Directors, and evaluates its Audit Committee Charter and Remuneration Committee Charter in due course. The Company really seeks to improve information transparency in accordance with the amended laws, and the implementation of these regulations has been favorable.

(3) The Board appointed a Corporate Governance Officer on May 9, 2019 to ensure the implementation of corporate governance best practices, to safeguard the interests of shareholders, and to strengthen the functions of the Board.

(4) The Company has formed functional committees such as the Remuneration Committee and the Audit Committee in 2011 and 2015, respectively, and continues to improve the effectiveness of these functional committees.

(5) The Company’s website and the Market Observation Post System disclose relevant information on the Company’s compliance with related regulations and major resolutions of the Board of Directors to help shareholders understand the Company’s development and enhance the transparency of the Company’s information.

(6) The Company organizes 6 hours of directors training sessions each year and assists directors to participate in external corporate governance courses. Below details the continued training sessions attended by the Company's Directors in 2022:

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Chairman	Wu, Yi-Gui	2022/7/14	Securities and Futures Institute, R.O.C.	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities and Futures Institute, R.O.C.	Introduction to the Debate over Company Management Rights and the Commercial Event Trial Law	3
Director	Ma, I-Kung	2022/7/14	Securities and Futures Institute, R.O.C.	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities and Futures Institute, R.O.C.	Introduction to the Debate over Company Management Rights and the Commercial Event Trial Law	3
Director and General Manager	Wu, Pei-Chi	2022/7/14	Securities and Futures Institute, R.O.C.	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities and Futures Institute, R.O.C.	Introduction to the Debate over Company Management Rights and the Commercial Event Trial Law	3
Director	Ying, Bao-Luo	2022/7/14	Securities and Futures Institute, R.O.C.	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities and Futures Institute, R.O.C.	Introduction to the Debate over Company Management Rights and the Commercial Event Trial Law	3
Director	Ko, I-Shao	2022/4/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit Forum - Serious Net Zero for Sustainable 2030	3
		2022/5/4	Taiwan Stock Exchange Corporation (TWSE)	Online forum of international twin summits	2
		2022/7/27	Taiwan Stock Exchange Corporation (TWSE)	Sustainable Development Roadmap Industry Promotion Seminar	2
Independent Directors	Chen, Tien-Wen	2022/7/14	Securities and Futures Institute, R.O.C.	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities and Futures Institute, R.O.C.	Introduction to the Debate over Company Management Rights and the Commercial Event Trial Law	3

Title	Name	Date of Training	Organizer	Course Title	Training Hours
Independent Directors	Wei, Yung-Tu	2022/2/25	Taiwan Corporate Governance Association	2022 Global and Taiwan Economic Outlook	1
		2022/3/24	Taiwan Financial Research Institute	Information Security Governance Seminar (Session 22) - Financial Technology and Information Security Risk Trends	3
		2022/5/26	Taiwan Financial Research Institute	Corporate Governance Seminar - On the Importance of Corporate Sustainable Development Reports	3
		2022/7/7	Taiwan Corporate Governance Association	Net Zero Carbon Path of TWSE/TPEx-listed Companies	1
		2022/8/31	Taiwan Corporate Governance Association	New Horizon of Digital Transformation	1
Independent Directors	Li, Kuo-Hsiang	2022/7/14	Securities and Futures Institute, R.O.C.	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities and Futures Institute, R.O.C.	Introduction to the Debate over Company Management Rights and the Commercial Event Trial Law	3
Independent Directors	Juan, Chi-Yin	2022/7/14	Securities and Futures Institute, R.O.C.	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/10/13	Securities and Futures Institute, R.O.C.	Introduction to the Debate over Company Management Rights and the Commercial Event Trial Law	3
Corporate Governance Officer	Chen, Yung-Chih	2022/4/22	Taiwan Institute for Sustainable Energy	Taishin 30 Sustainable Net Zero Summit Forum - Serious Net Zero for Sustainable 2030	3
		2022/4/28	Taiwan Institute for Sustainable Energy	The 28th TCCS Board Meeting and CEO Seminar	2
		2022/5/20	Securities and Futures Institute, R.O.C.	2022 Insider Trading Prevention Seminar	3
		2022/7/14	Securities and Futures Institute, R.O.C.	Risks and Opportunities of Climate Change and Net Zero Emission Policies for Business Operations	3
		2022/7/27	Taiwan Stock Exchange Corporation (TWSE)	Sustainable Development Roadmap Industry Promotion Seminar	2
		2022/7/28 -2022/7/29	Taiwan Institute for Sustainable Energy	2022 Net Zero and Sustainable Development Forum	7

Title	Name	Date of Training	Organizer	Course Title	Training Hours
		2022/9/29	Taiwan Stock Exchange Corporation (TWSE)	2022 Independent Directors and Audit Committee Reference Guideline Release and Director Advocacy Meeting	3
		2022/10/13	Securities and Futures Institute, R.O.C.	Introduction to the Debate over Company Management Rights and the Commercial Event Trial Law	3
		2022/10/14	Securities and Futures Institute, R.O.C.	2022 Insider Trading Prevention Seminar	3
		2022/10/27	Taiwan Institute for Sustainable Energy	The 13th TCCS Board Meeting and CEO Seminar	2
		2022/11/3	Taiwan Corporate Governance Association	Seminar on ESG Trend and Risk Management of Fubon Insurance Co., Ltd.	3
		2022/11/11	Securities and Futures Institute, R.O.C.	TWSE/TPEx Listed Companies - Derivatives Trading Strategies and Market Outlook Seminar	3
		2022/11/11	Taiwan Corporate Governance Association	TCFD Disclosure Key Points that Directors Should Understand	3
		2022/12/16	Taiwan Corporate Governance Association	How Should Enterprises Manage Risk Effectively	3
Supervisor of Accounting Department	Lin, Chin-Tsai	2022/8/29 -2022/8/30	Accounting Research and Development Foundation	Continuing Education Class for Chief Accounting Officers of Corporate Issuers, Securities Firms, and Securities Exchanges	12
Head of Audit	Hsu, Liang-Wei	2022/7/7	Institute of Internal Auditors, R.O.C.	Under each business cycle type, common internal control loss and case sharing	6
		2022/12/13	Institute of Internal Auditors, R.O.C.	Audit Practices for Subsidiaries	6

The number of hours, scope, structure, arrangements and information disclosure on the aforementioned trainings fully comply with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.

(II) Operations of the Audit Committee:

1. Operations of the Audit Committee

(1) Functions

- Formulation and amendment of the internal control system pursuant to Article 14-1 of the Act.
- Assessment of the effectiveness of the internal control system
- Pursuant to Article 36-1 of the Securities and Exchange Act, formulate or revise procedures for major financial business actions including the acquisition or disposal of assets, engaging in derivative trading, loaning of funds to others, making endorsement or guarantees for others
- Items that involve the director's own interests.
- Significant asset or derivative transactions.
- Significant loans, endorsements or guarantees of funds.
- The offering, issuance, or private placement of equity-type securities
- Appointment, dismissal and compensation of CPAs.
- Appointment and dismissal of finance manager, accounting manager, and chief internal auditor
- The annual financial report signed or stamped with the seal of the Chairman, managerial officer, and chief accounting officer.
- Other major items required by the Company or the competent authority.

(2) Annual Work Summary

The Audit Committee is comprised of 4 independent directors. In total 6 meetings (A) were held during the fiscal year of 2022. The attendance of the members is listed below:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Percentage of attendance in person (%) (B/A) (Note 1, Note 2)	Notes
Independent Directors	Chen, Tien-Wen	6	0	100	
Independent Directors	Wei, Yung-Tu	6	0	100	
Independent Directors	Li, Kuo-Hsiang	6	0	100	
Independent Directors	Juan, Chi-Yin	6	0	100	

Note 1: Where an independent director resigns before the end of the fiscal year, the "remark" column should be filled with the independent director's resignation date, whereas his/her percentage of attendance in person (%) should be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

Note 2: If independent directors are re-elected before the end of the fiscal year, incoming and outgoing independent directors should be listed accordingly and the "remark" column should indicate whether the status of an independent director is "outgoing", "incoming" or “re-elected” and the date of re-election. The attendance ratios (%) should be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during the member's term of office.

Main Items for Review:

1. Endorsements/guarantees.
2. Financial statements and earnings distribution proposal.
3. Capitalization of stock dividends distributed to shareholders with earnings.
4. Amendment of the "Procedures for Handling Acquisitions or Disposal of Assets".
5. Lift competition restrictions against Directors.
6. Assessment on the independence of CPAs and appointment of CPAs.
7. Assessment of the effectiveness of the internal control system.
8. Interim financial report.
9. Amendment of the internal control system.
10. Remuneration of the CPAs.

11. Audit plan.
    - Review the annual accounts and earnings distribution and issue an audit report.
    - Amendment to the "Procedures for Handling Acquisitions or Disposal of Assets".
    - Assess the independence of CPAs and appoint CPAs and audit their remuneration.
    - Evaluate the effectiveness of the internal control system and issued a statement of declaration accordingly.
    - Modification of the “Regulations on Stock Affairs” in the internal control system.

(3) Implementation Status

a. If the operation of the Audit Committee falls under any of the following circumstances, the meeting date of the Audit Committee, the session, the content of the proposals, the independent directors' objections, reservations or major proposals, the results of the Audit Committee's resolutions, and the Company's handling of the comments of the Audit Committee.

(a) Items listed in Section 5, Article 14 of Securities and Exchange Act:

Board of Directors	Resolution and Subsequent Actions	Items listed in Article 14-5 of the Securities and Exchange Act	Objections or reservations expressed by Independent Directors
The 1st meeting in 2022 2022.3.9	1. TTC (Zhongshan) ratified guarantees and endorsements.	V	None
	2. Preparation of 2021 consolidated and parent company only financial statements	V	None
	3. Amend certain articles in the Procedures for Handling Acquisitions or Disposal of Assets	V	None
	4. Lift competition restrictions against Directors.	V	None
	5. Appointment of CPAs for 2022	V	None
	6. 2021 Statement on Internal Control System.	V	None

<table>
<tr><th>Board of Directors</th><th>Resolution and Subsequent Actions</th><th>Items listed in Article 14-5 of the Securities and Exchange Act</th><th>Objections or reservations expressed by Independent Directors</th></tr>
<tr><td rowspan="3"></td><td colspan="3">Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">The Company's Handling of Opinions of the Audit Committee: None</td></tr>
<tr><td colspan="3">Resolution: The motions were passed unanimously by the Directors in attendance and filed for discussion at the board meeting.</td></tr>
<tr><td>The 2nd meeting in 2022
2022.5.5</td><td colspan="3">None Items listed in Article 14-5 of the Securities and Exchange Act.</td></tr>
<tr><td>The 3rd meeting in 2022
2022.6.7</td><td colspan="3">None Items listed in Article 14-5 of the Securities and Exchange Act.</td></tr>
<tr><td rowspan="5">The 4th meeting in 2022
2022.8.3</td><td>1. TAITA (BVI) ratified guarantees and endorsements.</td><td>V</td><td>None</td></tr>
<tr><td>2. Amendment of the Company's internal control system.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">The Company's Handling of Opinions of the Audit Committee: None</td></tr>
<tr><td colspan="3">Resolution: The motions were passed unanimously by the Directors in attendance and filed for discussion at the board meeting.</td></tr>
<tr><td rowspan="4">The 5th meeting in 2022
2022.9.2</td><td>TTC (Zhongshan) ratified guarantees and endorsements.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">The Company's Handling of Opinions of the Audit Committee: None</td></tr>
<tr><td colspan="3">Resolution: The motions were passed unanimously by the Directors in attendance and filed for discussion or report at the board meeting.</td></tr>
<tr><td rowspan="7">The 6th meeting in 2022
2022.11.2</td><td>1. TAITA (BVI) ratified guarantees and endorsements.</td><td>V</td><td>None</td></tr>
<tr><td>2. Remuneration of CPAs for 2022.</td><td>V</td><td>None</td></tr>
<tr><td>3. Amendment of the Company's internal control system.</td><td>V</td><td>None</td></tr>
<tr><td>4. Amendment of the Procedures for Handling Material Inside Information.</td><td>V</td><td>None</td></tr>
<tr><td colspan="3">Opinions of the Audit Committee: None.</td></tr>
<tr><td colspan="3">The Company's Handling of Opinions of the Audit Committee: None</td></tr>
<tr><td colspan="3">Resolution: The motions were passed unanimously by the Directors in attendance and filed for discussion at the board meeting.</td></tr>
</table>

(b) In addition to the aforementioned motions, other motions not passed by the Audit Committee but passed by at least two-thirds of the votes of the entirety of the Board of Directors: No such occurrences.

b. In regard to the recusal of independent Directors from voting due to conflict of interests, the name of the independent Directors, the resolutions, reasons for recusal due to conflict of interests and voting outcomes shall be stated: No such occurrences.

c. Communications between the independent directors and the Company's chief internal auditor and CPAs (including the material items, methods and results of audits of corporate finance or operations, etc.)

(a) Besides submitting the monthly audit reports to independent directors for review, the internal Chief Audit Officer also reports major audit findings to independent directors each quarter at the Audit Committee meeting.

(b) CPAs review the Company's consolidated financial statements (annual as well as parent only statements) and presented the result as well as any governance issues in person or in writing to the Audit Committee on a quarterly basis, in accordance with the Statement of Auditing Standards No. 39 - "Communication with Those Charged with Governance" and the approved letter with Reference No. Tai Tsai Cheng Liu Tzu 0930105373 issued by SFB on March 11, 2004.

Summary of communication between independent directors and CPAs and Chief Audit Officer in 2022:

Date/Meeting	Attendees	Communication Content	Communication Results
2022/8/3 The 6th meeting of the 3rd term of Audit Committee	Independent Directors: Chen, Tien-Wen	CPA: Review and communicate the results of the consolidated financial report for 2Q2022. Chief Audit Officer:	The Committee recommends that ESG staff should obtain relevant licenses.

Date/Meeting	Attendees	Communication Content	Communication Results
	Wei, Yung-Tu Li, Kuo-Hsiang Juan, Chi-Yin CPA Huang, Hsiu-Chun Chief Audit Officer Hsu, Liang-Wei	1. Internal audit execution report 2. Amendment of the Company's internal control system report. 3. Other communications.	
2022/11/2 The 8th meeting of the 3rd term of Audit Committee	Independent Directors: Chen, Tien-Wen Wei, Yung-Tu Li, Kuo-Hsiang Juan, Chi-Yin CPA Huang, Hsiu-Chun Chief Audit Officer Hsu, Liang-Wei	CPA: 1. Review and communicate the results of the consolidated financial report for 3Q2022. 2. Report and communicate critical GHG accounting matters. Chief Audit Officer: 1. Internal audit execution report 2. 2023 annual audit plan report. 3. Amendment of the Company's internal control system report.	No dissenting opinion

2. Participation of Supervisors at the board meeting: Not applicable for the Company has an Audit Committee that replaces the functions of supervisors.

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

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established its Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best Practice Principles for TWSE or TPEx Listed Companies.	No significant deviation
II. Shareholding structure & shareholders' rights				
(I) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigations, and implement in accordance with the procedures?	V		The Company has appointed specific personnel to take charge of such matters.	No significant deviation
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		The Company maintains contact with its major shareholders as well as the ultimate owners of these shareholders.	No significant deviation
(III) Does the Company establish and execute a risk management and firewall system within its affiliates?	V		The Company has established and implemented a system to monitor its subsidiaries.	No significant deviation
(IV) Has the Company established internal rules against insiders using undisclosed information to trade in securities?	V		The Company has formulated its "Procedures for Ethical Management and Guidelines for Conduct", in which Article 14 forbids insiders to use undisclosed information to trade securities.	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors drawn up policies on diversity of its members and implemented them?	V		I. Board diversity policy According to Article 20 of the Company's "Corporate Governance Best Practice Principles", diversity shall be considered in the composition of the Company's Board of Directors, and members of the Board of Directors shall possess the knowledge, skills and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities: (I) Ability to make sound business judgments. (II) Ability to perform accounting and financial analysis. (III) Ability to manage a business. (IV) Ability to handle crisis management. (V) Knowledge of the industry. (VI) An international market perspective. (VII) Leadership skills. (VIII) Decision-making ability. In addition to the eight competencies listed above, the Company added legal and environmental capabilities to the list in light of growing global attention on corporate governance issues and environmental protection, as well as the pressing need for diversified professional skillsets in the Board. At present, existing members of the Board of Directors possess	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			the knowledge, skills, and qualities required to perform their duties, and specialize in professional areas including accounting and finance, international markets, laws and environmental protection. II. Specific Management Objectives for Diversity of Board Members The current directors were elected on July 26, 2021. Among the two new directors, Wei, Yung-Tu is an independent director with an MBA degree from George University in the United States. He once served as the president of Deloitte Taiwan, with accounting professional qualification or relevant financial management expertise. Li, Kuo-Hsiang, an independent director, holds an MBA degree from the University of Chicago, USA. He is currently the chairman of Shiseido (stock) company in Taiwan Province, and has the ability of operation and management, international market and leadership decision-making. Both new directors are helpful to improve the quality of the board of directors' review proposals and achieve the goal of implementing the policy of diversity of directors. The future goal of diversifying the Board of Directors is to add a director with professional experience in sustainable development to assist the Company in implementing carbon reduction targets and green power policies, and to add a director with expertise in business risk	

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			management to enhance the Company's sustainable competitiveness and improve the functions of the Company's Board of Directors. III. Implementation of diversification of board members For details on the diversity of Board please refer to the table below. Please take note that Ma, Yi-Kung is a female Director.	

Names of Director	Gender	Diversified Core Competences									
		Operating judgment	Accounting and finance	Business management	Crisis management	Knowledge of the industry	International markets	Leadership	Decision-making ability	Legal expertise	Environmental
Wu, Yi-Gui	Male	V	V	V	V	V	V	V	V		
Ma, I-Kung	Female	V	V		V				V		V
Wu, Pei-Chi	Male	V		V	V	V	V	V	V		
Ying, Bao-Luo	Male	V		V	V	V	V	V	V		V

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	

Names of Director	Gender	Diversified Core Competences									
		Operating judgment	Accounting and finance	Business management	Crisis management	Knowledge of the industry	International markets	Leadership	Decision-making ability	Legal expertise	Environmental
Ko, I-Shao	Male	V		V	V	V	V	V	V		
Chen, Tien-Wen	Male	V	V	V	V		V	V	V		
Wei, Yung-Tu	Male	V	V	V	V	V	V	V	V		
Li, Kuo-Hsiang	Male	V	V	V	V		V	V	V		
Juan, Chi-Yin	Male	V		V	V				V	V	

※ The Company's Directors with employee status accounted for 22% and Independent Directors with employee status 44%.

※ 5 directors are over 70 years old, 3 between 60 and 69 years old, and 1 under 60 years old.

※ None of the 4 independent directors have not served more than three consecutive terms.

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(II) Does the Company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?	V		The Company has established a remuneration committee and an audit committee, and exercises its authority in accordance with its Remuneration Committee Charter and Audit Committee Charter with favorable performance. The Company has voluntarily established a Corporate Social Responsibility Committee which exercises its authority in accordance with the Corporate Social Responsibility Committee Charter with favorable performance.	No significant deviation
(III) Does the Company establish standards and methods for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the compensation and nomination of individual directors?	V		I. Results of Performance Evaluation of the Board of Directors and Individual Directors for 2022 1. The Company evaluates the performance of the board in December and board members each year in accordance with the Performance Evaluation Measures of the Board of Directors amended and adopted by the Board in November 2019. 2. The performance evaluation of the overall Board of Directors and individual board members is carried out by the Board Secretary's Office in the form of internal self-evaluation. The results of performance assessments are used as basis for the Company's review and improvement and as reference in determining remuneration for individual Directors, their nomination and additional office term. 3. The Company completed the performance evaluation for	No significant deviation

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
2022 in January 2023 for the evaluation period from January 1 to December 31, 2022. The evaluation results are summarized below:
(1) Performance of the Board of Directors
<table>
<tr><th>Aspect</th><th>Scores (Note)</th><th>Evaluation results and Remarks</th></tr>
<tr><td>Participation in Company operations</td><td>4.83</td><td rowspan="5">1. The evaluation result of the Board of Directors shows that the average scores of the five major dimensions are all above 4.6 points, an embodiment of a good evaluation result.
2. In the past year, the turbulent international situation, the Russia-Ukraine war and the COVID-19 epidemic had led to uncertainty to the Company's operation in the face of the future political and economic situation. The Board of Directors and the management should always pay attention to the challenges and risks faced by the Company, and timely supervise the responsible units to propose countermeasures. In addition, in order to achieve the ESG goal, the Company will continue to implement the carbon reduction goal and plan the green power plan, so as to meet international standards.</td></tr>
<tr><td>Improving the quality of board decisions</td><td>5</td></tr>
<tr><td>Composition and structure of the Board of Directors</td><td>5</td></tr>
<tr><td>Election and continuous education of the Directors</td><td>4.67</td></tr>
<tr><td>Internal control.</td><td>5</td></tr>
</table>
Note: The evaluation score is on a scale of 0 to 5 points, with 5
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
representing the best level of performance.
(2) Performance evaluation of Board members
<table>
<tr><th>Aspect</th><th>Scores (Note)</th><th>Evaluation results</th></tr>
<tr><td>Grasp of the objectives of the Company and its mission</td><td>4.81</td><td rowspan="6">The Directors score favorably on all six aspects with an average score of 4.5.</td></tr>
<tr><td>Understanding of the director's roles and responsibilities</td><td>4.83</td></tr>
<tr><td>Participation in Company operations</td><td>4.70</td></tr>
<tr><td>Management and communication of the internal relations</td><td>4.56</td></tr>
<tr><td>Expertise and continuing education of the directors</td><td>4.74</td></tr>
<tr><td>Internal control.</td><td>4.81</td></tr>
</table>
Note: The evaluation score is on a scale of 0 to 5 points, with 5 representing the best level of performance.
4. The results of the performance evaluation of the Board of Directors and board members for 2022 will be reported to the board in 1Q2023.
II. Performance evaluation of the Audit Committee and the Remuneration Committee
The Company completed the performance evaluation in January 2023 for the evaluation period from January 1 to December 31, 2022. The evaluation results are summarized below:
</td><td></td></tr>
</table>

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	

(1) Performance of the Audit Committee

Aspect	Scores (Note)	Evaluation results
Participation in Company operations	5	The Audit Committee scores favorably on all five aspects with an average score of 4.9.
Understanding of the duties of the Audit Committee.	4.95	
Improvement of the quality of the Audit Committee' decision making.	5	
Composition of the Audit Committee and selection of committee members.	4.92	
Internal control.	4.92	

Note: The evaluation score is on a scale of 0 to 5 points, with 5 representing the best level of performance.

(2) Performance of the Remuneration Committee

Aspect	Scores (Note)	Evaluation results
Participation in Company operations	4.83	The Remuneration Committee scores favorably on all four aspects with an average score of 4.8.
Understanding of the Remuneration Committee's roles and responsibilities	4.93	
Improvement of the quality of the Remuneration Committee' decision making.	4.95	
Composition of the Remuneration Committee and selection of committee members.	5	

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
(IV) Does the Company regularly evaluate the independence of the CPAs?	V		Note: The evaluation score is on a scale of 0 to 5 points, with 5 representing the best level of performance. 2. The performance evaluation results of the functional committees for the year 2022 were submitted to the Board of Directors in 1Q2023. The Audit Committee of the Company evaluates the independence and competency of its CPAs, and requires the CPA audit member group to, in addition to providing the Declaration of Independence and the Audit Quality Indicators (AQIs), evaluate according to the standards in the table below and the five dimensions of AQIs (including 13 indicators). 1. As of the most recent assurance operation, no CPA has been appointed for seven (7) years without interruption. 2. The CPA does not have significant financial interest in his/her trustor. 3. The CPA avoids any inappropriate relationship with his/her trustor. 4. The CPA should ensure that his/her assistants are honest, fair and independent. 5. The CPA may not perform audit and assurance services on the financial statements of companies he/she has served within two (2) years before practicing. 6. The CPA may not permit others to practice under his/her name. 7. The CPA does not own any shares of the Company and its	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			affiliated companies. 8. The CPA has not engaged in lending and borrowing of money with the Company and its affiliated companies. 9. The CPA has not engaged in joint investments or benefit sharing with the Company or its affiliated companies. 10. The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary from them. 11. The CPA is not involved in the decision-making process of the Company and its affiliated companies. 12. The CPA does not concurrently engage in other businesses that may lead to loss of independence. 13. The CPA does not have a spouse, immediate family members or relatives within the second degree of kinship who serve in the senior management of the Company. 14. The CPA has not collected any commission related to his/her service. 15. As of now, the CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or damage to the principle of independence. It is confirmed that there is no other financial interest and business relationship with the Company except for the audit fee, financial and tax expenditures and that their family members do not violate the independence requirements, and by referring to the AQI index	

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			information, it is confirmed that the audit experience meets the level and the number of training hours of the CPAs and the CPA firm is better than the average level of the industry. In addition, we will introduce audit innovation tools, expand audit support center and introduce cloud audit platform to improve audit quality. The results of the latest annual assessment were discussed and approved by the Audit Committee on March 3, 2023, and were submitted to the Board of Directors for resolution on the independence and competency assessment of the CPAs on the same day.	
IV. Has the TWSE/TPEx listed company designated an appropriate number of qualified corporate governance personnel and appointed a corporate governance officer responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?	V		To protect the interests of the shareholders and strengthen the functions of the Board of Directors, the Company, following the resolution passed by the Board of Directors meeting on May 9th, 2019, appointed the legal affairs manager Chen, Yung-Chih as the Company's Corporate Governance Officer, the highest-ranking manager responsible for all corporate governance affairs. Mr. Chen, Yung-Chih has more than seven years of experience in services as a manager of a public company's legal affairs unit. His main duties include related affairs of board meetings and shareholders' meetings, production of meeting minutes for board meetings and shareholders' meetings, assisting Directors in taking office and continuing education, providing data required by Directors to perform their duties, and assisting Directors in legal compliance. Key points for business execution in 2022: 1. Assisted Directors in performing their duties, provide the	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			necessary information, arrange continuing education for Directors, and process liability insurance policies. (1) Compile the latest laws and regulations related to the business areas and corporate governance of the Company, put them forward at the Board of Directors meeting for discussion, and keep members of the Board informed accordingly from time to time. (2) Assist Directors, upon request, in understanding the regulations to be complied with in the execution of their business. (3) Provide corporate information required by the Directors and assist them with communication and interaction with supervisors in various business categories. (4) Assist Independent Directors in arranging meetings with the chief internal auditor or CPAs to understand the financial and business needs of the Company. (5) Assist the Company in arranging at least 6 hours of continuing education courses for members of the Board of Directors. (6) Verify that the Company has purchased the liability insurance for Directors and key persons" for members of the Board of Directors and reported to the Board of Directors. 2. Handle matters related to the proceedings of Board of Directors'	

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			meetings and shareholders' meetings and confirmed compliance matters of resolutions. (1) Prepare notice and agenda of Board of Directors meetings in accordance with laws; where Directors have to recuse themselves from the agenda items, they shall be reminded beforehand; the minutes shall be prepared within the statutory period. (2) Register the date of the shareholders' meeting in advance according to the law and prepare the meeting notice, handbook, and meeting minutes within the statutory time limit. (3) Confirm that the convening of the Board of Directors meetings and shareholders' meetings, procedures for resolutions, and minutes of the said meetings are in compliance with relevant laws and regulations and the Corporate Governance Best Practice Principles. (4) Change registration items. 3. Maintain investor relations: Ensures that the Company's website are kept up to date any time, to inform investors of the latest information on the Company's financial, business, and corporate governance information for the safeguarding of shareholders' rights and interests. Continuing education in 2022:	

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			TWSE-listed companies should facilitate continuing professional education (CPE) for its chief corporate governance officer in accordance with Article 24 of Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers. The Corporate Governance Officer shall receive at least 12 hours of continuing education each year. For officers serving the first term, a minimum of 18 hours of continuing education is required within a year from the date the officer takes office. In 2022, Chen, Yung-Chih, Corporate Governance Officer of the Company, had completed 43 hours of continuing education classes.	
V. Does the Company establish communication channels and a dedicated section on the Company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		In the Sustainable Development section of our website, we have an Stakeholders section, which provides information on stakeholder consultation, communication channels, core stakeholder types, issues of concern and ways to respond. Every year, the Company will report to the board of directors the ways and frequencies of communication with stakeholders, issues of concern, communication results and response methods, and on August 3, 2022, the board of directors reported the ways and frequencies of communication with stakeholders, issues of concern, communication results and response methods in 2021.	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
VI. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?		V	The company manages its own securities services and shareholders affairs, including all matters related to shareholders' meetings, in accordance with the law.	The Company manages its own securities services to ensure quality and efficiency.
VII. Information disclosure				
(I) Does the Company have a website to disclose the financial operations and corporate governance status?	V		The Company has set up a website and regularly discloses company information.	No significant deviation
(II) Does the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the Company website)?	V		The Company has appointed specific personnel to take charge of the collection and disclosure of company information and has implemented a spokesperson system.	No significant deviation
(III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the first, second and third quarters' financial report and the operation situation of each month earlier than the prescribed time limit?		V	The Company has not published and disclosed its annual financial reports within two months after the end of the fiscal year. However, the Company has published and disclosed its quarterly financial reports, monthly revenues, and information on endorsements and guarantees before the statutory deadlines.	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?	V		(I) The Company provides its employees with comprehensive health care. In addition to the formulation of guidelines related to employee assistance services and gender equality in the workplace, the Company also provides annual health checkups, sports and fitness equipment, organizes various outdoor recreational activities and talks on mental, emotional and spiritual health, and purchases group insurance. In addition, employees volunteered to organize the Employee Assistance Program Center (EAPC) that assists employees in solving problems relating to work, life, and mental health. (II) The Company has always been committed to the principle of equal opportunities and recognizes the contribution of employees from different backgrounds. The Company adopts an open selection process and hires the right talent for the right position, instead of restricting employees' career development based on their race, gender, age, religion, nationality or political affiliation. (III) With regard to the promotion of environmental protection, occupational safety and health management system, and process safety management system, the Company not only complies with the domestic laws and regulations, but strives to meet internationally recognized standards. The Company has successfully obtained ISO-9000, ISO-14001, ISO-45001, ISO-27001 and ISO-500001 certifications and will continue	No significant deviation

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			to push for further certifications. To enhance self-GHG accounting capability, the Company has established the Group Safety and Health Partners Regional Joint Rescue system led by the South Labor Inspection Institute of the Ministry of Labor and actively participates in events organized by Linyuan Safety and Health Promotion Association. (IV) The Company actively attends activities held by Taiwan Responsible Care Association (TRCA) in the chemical engineering industry and upholds its spirit, participates in community events, and cares for product protection in order to create a better living environment. Additionally, the Company also helps contractors by building a safe and health-conscious environmental management system to ensure safety at work. (V) The Company has formulated “Risk Management Policies and Procedures”, which include risk management policies, organization, processes, risk management categories and mechanisms, so as to effectively manage risk arising from the Company's operations, including measurement of risk exposure as well as internal control system, clear policies around authorization of risk tolerance limit, strong internal audit for effective management of risk, and disclosure of risk in the annual report.	

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			(VI) The Company has established the intellectual property rights management system in order to strengthen the Company’s competitive edge in the industry by offering high value-added products and services to achieve higher profitability. (VII) The Company has established a spokesperson's function to respond to all shareholder questions. The spokesperson serves as the bridge between the Company and shareholders, and maintains close contact with major shareholders. (VIII) Implementation of consumer protection or customer protection policies: The Company has a quality policy, which aims to improve the quality of products and services, and continues to work hard to improve customer satisfaction. The Company also maintains good relationships with suppliers based on the principles of good faith and mutual benefits. (IX) The Company promotes continuing education of its directors through offering internal training courses from time to time, providing Directors with continuing education information, and inviting Directors to take courses on corporate governance. (X) The Company has purchased liability insurance for its directors and supervisors	

Evaluation Item	Implementation Status (Note)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange’s Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. (Leave blank if the Company was not evaluated): Improvements: (I) More than half of the directors and the convener of the audit committee attend the shareholders' general meeting in person. (No.1.3) (II) The Chairman of the Company attends the General Shareholders’ Meeting in person. (No.1.4) (III) The Company plans to convene the general shareholders meeting before the end of May. (No.1.6) Priorities and measures: Periodically assess the independence and suitability of the CPAs with reference to audit quality indicators.				

Note: Regardless of whether "Yes" or "No" is selected, provide a brief description in the Summary column.

(IV) If the Company has set up a Remuneration Committee, the composition, responsibilities and operations of the Committee shall be disclosed

1. Information on the members of the Remuneration Committee

March 31, 2023

Title (Note 1)	Name	Professional Qualifications and Experiences(Note 2)	Status of Independence(Note 3)	Number of publicly listed companies in which the member concurrently serves as a remuneration committee member
Independent Director (convener)	Wei, Yung-Tu	Formerly the President of Deloitte Taiwan, CPA, with professional experience in accounting and finance.	During the two years before the election and during the term of office, there was no circumstance mentioned in Paragraph 1 of Article 3 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed.	3
Independent Directors	Chen, Tien-Wen	Formerly the Chairman of affiliates of the Capital Group and now the Chairman of Chia Shih Construction Co., Ltd., with expertise in corporate operations management.	During the two years before the election and during the term of office, there was no circumstance mentioned in Paragraph 1 of Article 3 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed.	2
Independent Directors	Juan, Chi-Yin	At present, he is an associate professor in the Institute of Science and Technology Law of Soochow University. He once served as deputy general manager, chief legal officer and senior consultant of Mitac International Corporation, and has experience in legal affairs.	During the two years before the election and during the term of office, there was no circumstance mentioned in Paragraph 1 of Article 3 of the Regulations on the Establishment of Independent Directors of Public Companies and Matters to Be Observed.	1

Note 1: Please specify in the form the relevant working years, professional qualifications and experience and independence of the members of the Remuneration Committee. If they are independent directors, please indicate to refer to Schedule 1 on page○○ and the Directors and Supervisors (I) for details. Fill "Director," "Independent Director," or "Others" in the Title column (specify in case of convenor).

Note 2: Professional qualifications and experience: describe the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Independence: state the independence of the members of the Remuneration Committee, including but not limited to whether they, their spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; The number and proportion of the Company's shares held by relatives (or in the name of others); whether they serve as directors, supervisors or employees that have a specific relationship with the Company (refer to the provisions of Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations on the Establishment of Remuneration Committee of TWSE/TPEx Listed Companies and Performance of Functions); the amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

Note 4: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

2. Responsibilities

The Remuneration Committee shall exercise the care of a good administrator to faithfully fulfill the following functions and powers, and submit the recommendations to the Board of Directors for deliberation:

(1) Regularly review the Committee's charter and propose recommendations to amend it when necessary

(2) Establish and regularly review the performance evaluation of the Board and managers in conjunction with the remuneration policies, systems, standards, and structure.

(3) Regularly evaluate and determine the remuneration of the Company's Directors and Managers.

3. Operations of the Remuneration Committee:

(1) The Company's Remuneration Committee consists of 3 members.

(2) Term of office of the current members: August 4th, 2021 to July 25st, 2024. The Remuneration Committee convened three (3) meetings (A) in the most recent year. The qualification and attendance of members are as follows:

Title	Name	Number of Attendance in Person (B)	Number of Attendance by Proxy	Percentage of attendance in person (%) (B/A) (Note)	Notes
Convener	Wei, Yung-Tu	3	0	100%	
Commissioner	Chen, Tien-Wen	3	0	100%	
Commissioner	Juan, Chi-Yin	3	0	100%	

I. If the Board of Directors rejects or amends the suggestions of the Remuneration Committee, it should state the date of the Board Meeting, the term of the fiscal year, the content of the proposal, and resolution of the Board Meeting and the follow-up treatments (e.g., if the resolution of the Board Meeting states that the amount of remuneration is higher than that of the suggestions from the Remuneration Committee, the Board should specify the difference in number and the reason behind the resolution): None.

II. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None

Note:

(1) Where an member of the Remuneration Committee resigns before the end of the fiscal year, the "Remarks" column shall state the member's resignation date, whereas his/her rate of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(2) When an election is held for the Compensation Committee before end of the year, members of both the new and old committee shall be listed in separate columns and noted as new, old or reelected members, along with the elected date, in the "Remark(s)" column. The rate of attendance in person (%) is calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

<table>
<tr><th>Remuneration Committee</th><th>Resolution and Subsequent Actions</th><th>Objections or Reservations Expressed by the Remuneration Committee</th></tr>
<tr><td rowspan="6">The 5th term
3rd
2022.3.9</td><td>1. Proposal on the Company’s 2021 remuneration distribution plan for Directors and employees.</td><td>None</td></tr>
<tr><td>2. The annual special bonus of the Company's managers in 2021.</td><td>None</td></tr>
<tr><td>3. Review the remuneration of the Directors and managerial officers and the performance evaluation system.</td><td>None</td></tr>
<tr><td colspan="2">Opinions of the Remuneration Committee: None.</td></tr>
<tr><td colspan="2">Resolution of the Remuneration Committee: All members in attendance unanimously passed the proposals and filed for discussion in the board meeting.</td></tr>
<tr><td colspan="2">The Company's actions in response to the opinions of the Remuneration Committee: All the Directors in attendance voted in favor of the resolution.</td></tr>
<tr><td rowspan="4">The 5th term
4th
2022.8.3</td><td>1. The Company's annual salary adjustments.</td><td>None</td></tr>
<tr><td colspan="2">Opinions of the Remuneration Committee: None.</td></tr>
<tr><td colspan="2">Remuneration Committee resolution: The proposal was passed unanimously by the Committee Members in attendance.</td></tr>
<tr><td colspan="2">The Company's actions in response to the opinions of the Remuneration Committee:</td></tr>
<tr><td rowspan="5">The 5th term
5th
2022.11.2</td><td>1. Amend some provisions of the "Remuneration Committee Charter".</td><td>None</td></tr>
<tr><td>2. Establish the work plan of the Committee for 2023.</td><td>None</td></tr>
<tr><td colspan="2">Opinions of the Remuneration Committee: None.</td></tr>
<tr><td colspan="2">Remuneration Committee resolution: The proposal was passed unanimously by the Committee Members in attendance.</td></tr>
<tr><td colspan="2">The Company's actions in response to the opinions of the Remuneration Committee:</td></tr>
</table>

(V) Implementation of the promotion of sustainable development and the differences and reasons from the Sustainable Development Best Practice Principles for TWSE or TPEx Listed Companies

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
I. Does the Company establish a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and the supervision of the Board of Directors ?	V		In April 30, 2015, to enhance corporate governance, the Company approved to upgrade the status of the Corporate Social Responsibility Committee to the functional committee of the Board of Directors on December 22nd, 2017. The Company has also formulated the "Corporate Social Responsibility Charter" in accordance with Article 23-3 of the Company's Articles of Incorporation and Article 26 of the Regulations for Corporate Governance, which is to be complied with by this committee. On March 9, 2022, the Company renamed its "Corporate Social Responsibility Committee" to "ESG Committee", and the "Organizational Rules of Corporate Social Responsibility Committee" to the "Organizational Rules of ESG Committee". The Committee is composed of the chairman, general manager and two independent directors, of which the chairman is an independent director and the deputy chairman is the general manager. The Committee has three working groups, namely, corporate governance, environmental protection and social relations, and an project secretary. The working groups are composed of representatives of relevant departments and are responsible for promoting sustainable development. The AD hoc Secretary is responsible for integrating the working groups and reporting the annual plan and implementation results to the Committee. After discussion by the committee, the annual plan and results will be submitted to the Board of Directors. The ESG Committee has the following main functions:	Consistent with the sustainable development Best-Practice Principles for TWSE or TPEx Listed Companies.

Advancement Project	Implementation status: (Note 1)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			1. Agreement on sustainable development policy. 2. Sustainable development strategy planning, annual plan and project planning. 3. Supervise the implementation of sustainable development strategy planning, annual plans and project plans, and evaluate their status of implementation 4. Review and approval of sustainability. 5. Report the implementation results of corporate social responsibility to the Board of Directors every year. 6. Any other matters directly assigned by the Board of Directors to the committee. The Committee reports the implementation of sustainable development to the Board of Directors at least twice a year. In addition, it held two ESG Committee meetings on March 9, 2022 and August 3, 2022 and reported to the board. In 2022, it reported the annual core stakeholder concerns, communication channels and actual implementation status to the Board of Directors.	
II. Has the Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or	V		The Company's risk assessment covers all factories and operating units in Taiwan Province and mainland China. For a long time, the Company has complied with the relevant laws and regulations of the competent authorities, formulated the operation standard of each risk management unit for the risk assessment of major issues related to the environment, society and corporate governance, so as to carry out risk control in daily operations, and to cope with short-term, medium-term and long-term risks, such as operational risks, regulatory risks, climate change and environmental risks, disaster and accident	Consistent with the sustainable development Best-Practice Principles for TWSE or TPEx Listed Companies.

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
strategies? (Note 2)			risks and financial risks. In December 2020, in order to strengthen corporate governance, the Audit Committee and the Board of Directors passed the "Measures for Risk Management Policies and Procedures". The Company's risk management process includes risk identification, risk measurement, risk monitoring, risk reporting and disclosure, and risk response. The risk management operation situation includes how to respond to COVID-19, strengthen information security, reduce industrial safety risks and legal compliance risks, etc. The identification and measurement of operational risks have been completed one after another, and the effective supervision and control of risks are within an affordable range. In order to effectively implement the risk management mechanism, the Company was jointly promoted by the board of directors, the Audit Committee, the persons responsible for the daily affairs of each risk management unit, the auditors, the risk management units and the subsidiaries to identify, measure and control risks according to the work scope of each risk management unit. Every year, the Company regularly identifies, measures and controls risks according to the work scope of each risk management unit. The Company currently assigns units responsible for execution of specific items or management of important risks to assess and formulate response strategies. The Audit Office shall regularly follow up on results of the plans and report the internal control self-assessment results to the Committee for prompt corrections and improvements to implement the PDCA management cycle and enhance risk management.	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on its industrial characteristics?	V		(I) 1. The Company belongs to petrochemical materials industry. According to the laws and regulations such as air pollution prevention and control law, water pollution prevention and control law, waste cleaning law, management measures for toxic and concerned	Consistent with the sustainable development Best-Practice Principles for TWSE or TPEx Listed

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			chemicals, etc., and by introducing the ISO 14001 environmental management system, the Company has established appropriate safety management and environmental management systems for raw materials, production, products, transportation, pollution prevention and control, etc., so as to comply with the laws, regulations and policies of the government. 2. The Company has passed the ISO 14001 Environmental Management System certification (valid from 10/2022 to 10/2025), the scope of which includes, for example, the external and internal issues related to the performance of its business, the needs and expectations of workers and stakeholders, and accordingly defines the Company's environmental policy and confirms its objectives and commitments to its environmental management system.	Companies.
(II) Does the Company strive to improve energy efficiency and use recycled materials with low impact on the environment?	V		(II) 1. In 2020, the Company began to promote the introduction of ISO 50001 (current validity period: 11/2022-11/2023), an energy management system, with the standards and methods adopted by the Energy Management Manual as the guiding principle of the energy management system, so as to ensure the effective operation of the energy system, and continue to promote energy conservation and carbon reduction projects to achieve the Company's energy policies and objectives. 2. Each plant has the goal of setting the energy consumption per unit product according to the product category. The base year data of 2017 are: 2.06GJ/ ton products of Linyuan Plant, 1.21GJ/ ton products of	

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			Qianzhen Plant, 1.09GJ/ ton products of Zhongshan Plant and 17.32GJ/ ton products of Toufen Plant. The data for 2022 are: 2.22GJ/ton products of Linyuan Plant, 0.869GJ/ton products of Qianzhen Plant, 1.23GJ/ ton products of Zhongshan Plant and 15.87GJ/ton products of Toufen Plant. 3. At present, the Company does not use related recycled materials.	
(III) Does the Company evaluate the potential risks and opportunities of climate change for its business now and in the future, and take relevant measures to address them?	V		(III) The Company adopts response strategies for mitigating the impact of climate change for risk management and reviews the effectiveness of the response strategies each year. In addition, the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB) has been used to identify risks and opportunities. In 2019, the TCFD method has been used to identify the transformation risks and physical risks in the operation process. Five risk items and emerging opportunities brought by climate change have been identified, and five opportunity items have been identified. In 2020, the occurrence time of risks and opportunities were divided into short-term, mid-term and long-term, the possible financial impact is evaluated, and then the identification result is used to set the response plan. Evaluation results 1. The physical risks are (1) extreme changes in rainfall patterns and climate patterns, (2) increased severity of extreme weather events such as typhoons and floods, and (3) increased average temperature. 2. The transition risks are (1) increasing the pricing of greenhouse gas emissions and (2) strengthening the obligation of emission reporting. 3. Opportunities are (1) using low-carbon energy, (2) using more efficient production and distribution	

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			processes, (3) recycling and reusing, (4) reducing water consumption, and (5) participating in renewable energy projects and adopting energy-saving measures. The countermeasures are: (1) Promote water conservation and energy conservation measures to recycle and reuse water. (2) Work with the public sector by participating in incentives and partnership programs. (3) Enhance inspections and clear the drainage system during heavy rains to ensure the normal functions of the drainage system. (4) Promote energy conservation and carbon reduction measures, and independently carry out inventory of greenhouse gases (5) Implement resource consumption reduction, recycling, and reuse measures. (6) Promote ISO 50001. (7) Cooperate with the Company's policies for full production and full sales. Gradually phase out old equipment and reduce energy consumption to improve production efficiency. (8) Set up solar photoelectric equipment and purchase green electricity.	
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction, and other waste management policies?	V		(IV) 1. Every year, the Company conducts independent inventory statistics on greenhouse gas emissions, water consumption and waste treatment (including Linyuan Plant, Qianzhen Plant, Toufen Plant and Zhongshan Plant), and obtain SGS Inspection Statement. The data of the base year 2017 are as follows: the emissions of Scope I and Scope II greenhouse gases were 79,700 metric tons CO_2e/year(Taiwan Plants), water consumption was 1,064,299 metric tons, and waste disposal capacity was 3,691 metric tons/year. In 2022 and 2021, the emissions of Scope I and Scope II greenhouse gases were 67,738 tons of Co_2e and 74,898 tons of CO_2e, respectively, the water consumptions in 2022 and 2021 were 935,065 tons and	

Advancement Project	Implementation status: (Note 1) Yes	No	Summary	Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			1,110,246 tons, respectively, and the waste disposal capacity in 2022 and 2021 was 3,495 tons and 3,587 tons, respectively. 2. Improvement measures such as energy saving, carbon reduction and water conservation are implemented according to the Group's management approach, such as replacing fuel heavy oil with natural gas system, replacing old and old high-energy consuming motors, increasing the amount of recycled waste water in the process to reduce the amount of water required in the process, planning the establishment of sludge drying system to reduce the amount of waste generated, formulate policy management plan for relevant improvement measures, and regularly track and review. 3. The Company's 2021 ESG report was inspected and externally verified by BSI in June 2022, and it adopted ISO 140641-1 greenhouse gas (GHG) accounting in 2022, and had completed GHG accounting and verification for 3 plants in Taiwan in August 2022. In 2023, ISO 140641-1 GHG accounting and verification will continue for individual companies, and will be expanded into ISO 140641-1 GHG accounting for the subsidiaries under the consolidated financial statements.	
IV. Social Issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) 1. Human Rights Policy: The Company has formulated the human rights policy on March 22, 2018: In order to fulfill corporate social responsibility and implement human rights protection, with reference to internationally recognized	Consistent with the sustainable development Best-Practice Principles for TWSE or TPEx Listed Companies.

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			human rights standards such as the International Code of Human Rights (International Bill of Rights) and the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), the Company should formulate human rights policies to put an end to violations and violations of human rights, and make the current employees of the company get reasonable and dignified treatment. Its application scope is also applicable to related enterprises. The implementation policy is as follows: (1) Comply with relevant laws and regulations to provide a safe and healthy workplace. (2) Committing to maintaining a workplace free of violence, harassment and intimidation, and respecting the privacy and dignity of employees. (3) Employment of child labor is prohibited. (4) Forced labor is prohibited. (5) Eliminate unlawful discrimination and ensure equal employment opportunities and promotion. (6) The Company respects employees' right to form and join legally recognized trade unions to safeguard their rights and interests. 2. Human rights assessment: The Company promises to reasonably ensure the safety of the working environment, respect and dignity of employees, promote	

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			environmental protection and abide by ethics. To reflect this commitment, in addition to assigning special personnel to manage the occupational safety and health operations of employees according to laws and regulations, the Company should take honesty as the foundation, respect employees on a legal basis, and actively promote environmental protection and energy conservation related matters. Every year, the Company regularly entrusts professional organizations to inspect and appraise the environmental risks in the business. 3. Human rights risk mitigation measures: The Company is committed to ensuring that employees and the work environment are safe, that personnel are treated with respect and dignity, and that operations are conducted in a manner that promotes environmental protection and compliance with laws and ethics. In order to realize this commitment, we will respect our employees on a lawful basis based on good faith, and assign dedicated personnel to implement employee safety and health practices in accordance with the law. 4. Human rights concerns and practices **Provide a safe and healthy working environment** In order to maintain the workplace safety of our employees, we have not only installed various pollution prevention and fire safety	

Advancement Project	Implementation status: (Note 1)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			equipment, but also introduced the ISO 14001 environmental management system and ISO 45001 occupational safety and health management system for review and verification, and actively promoted improvement activities such as energy saving and carbon reduction, disaster prevention, and pollution prevention to ensure a safe working environment. In addition to providing a safe and healthy working environment in accordance with laws and regulations, the Company has established a special unit and committee for occupational safety and health, employed professional doctors and nursing staff to conduct regular health service visits for employees, and conducted regular education and training on safety and health, fire fighting, etc., and took necessary preventive measures to prevent occupational disasters, so as to reduce the risk factors in the working environment. **Illegal discrimination to ensure equal work opportunities, etc. are prohibited** The Company has implemented human rights policies in its internal control procedures and does not treat employees and job seekers unfairly on the basis of race, class, language, ideology, religion, party affiliation, origin, place of birth, gender, sexual orientation, age, marriage, pregnancy, appearance, facial features, physical and mental disabilities, zodiac sign, blood type, etc. in matters of labor rights	

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			such as employment, compensation and benefits, training opportunities, promotion, termination, or retirement. **Child labor is prohibited.** To ensure compliance with corporate social responsibility and ethical standards, the Company explicitly prohibits child labor since the beginning of recruitment, and as of the end of December 2022, the total number of employees was 371, of which there was no child labor. **Forced labor is prohibited** The Company does not force or coerce any unwilling employee to perform labor. The daily and weekly working hours, extended working hours, vacations, special leave and other types of leave for employees are in accordance with the law. In the attendance system, employees are reminded when they apply for overtime work and are provided with overtime pay or compensatory time off after working overtime. **Assist employees to maintain physical and mental health and work-life balance** • The Company provides venues or sponsorship funds to encourage employees to participate in health activities, and employees organize their own clubs to gather emotions among colleagues through club activities. • In addition to holding activities such as tail teeth, Mid Autumn Festival party and riddle guessing to adjust employees' physical	

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			and mental health and gather centripetal force, the Company also sets up sports and fitness equipment for employees to use after work. • During the COVID-19 epidemic in 2022, in order to avoid gatherings and gatherings, some activities and fitness facilities were temporarily suspended or opened. However, the HR Department continued to monitor the physical and mental health of colleagues and provided necessary assistance and care at any time. **Training practices for human rights protection** • New employee training - New education and training on compliance with relevant laws is required upon induction, including: sexual harassment prevention, anti-discrimination, anti-harassment, implementation of working hour management, and protection of humane treatment. • Prevention of workplace violence - Through promotion and public announcements, employees are made aware of their responsibility to help ensure that THE workplace is free of unlawful abuse in the course of their duties, and a complaint line is disclosed to create a friendly working environment. • Occupational safety series training **-** content includes: safety and health education and training, fire safety training, emergency response, first aid personnel training, etc. • Integrity and moral education **-** Educate and promote daily behavior and ethical standards in order to provide a healthy and positive workplace culture. The Company continues to pay attention to human rights protection and carries out relevant training, so as to raise awareness of human	

Advancement Project	Implementation status: (Note 1) Yes	No	Summary	Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			rights protection and reduce the possibility of related risks. In 2022, the Company has held trainings related to human rights protection, with 3,572 participants and 12,220 training hours in total.	
(II) Does the Company establish and implement reasonable employee welfare measures (including salary, leave and other benefits) and appropriately reflect operational performance or results in employee compensation?	V		(II) The salary and benefits of the company include labor insurance/health insurance/overtime pay/two days off a week/paternity leave/parental leave/physiological leave/special leave (the minimum unit is 0.5 hours)/maternity leave/annual physical examination of employees/payment for labor retirement/occupational injury insurance/nursing room, etc. The welfare system includes annual bonus/three welfare benefits/employee group insurance/food allowance/employee canteen/employee travel allowance/beano/maternity allowance/employee domestic and overseas study allowance/community allowance/employee on-the-job education and training/senior employee gold medal commendation/performance appraisal, etc., and year-end bonus is given to employees according to the Company's operating results and employee performance. In 2022, there were 502 employees in total, including 70 female employees, accounting for 13.4%; The number of supervisors was 35, accounting for 6.97%.	
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(III) 1. The Company distributes personal safety protective equipment to each employee, conducts education and training on the inspection and safety of the working environment every six months, conducts irregular inspections on the working safety environment and conducts	

Advancement Project	Implementation status: (Note 1) Yes	No	Summary	Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			regular annual health check-ups, and sets up an occupational safety and health special unit and committee organization, and employs professional doctors and nursing staff to provide consultation and assistance on employees' health problems. 2. The Company has passed the examination and verification of ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Safety and Health Management System), which covers workers (employees and contractors of the Company) and stakeholders (such as internal and external government and non-governmental organizations entering the workplace, etc.), so as to provide a safe working environment for workers and personnel. 3. The number of employees' occupational disasters in 2022 of the Company is 0.	
(IV) Has the Company established an effective competency development career training program for employees?	V		(IV) For the pre-service education and training for new employees of the Company, in addition to common courses (introduction of the Company and various systems and methods, safety and health training), professional courses and occupational safety courses of each unit shall be implemented according to the needs of each unit, and all relevant professional courses shall be completed within three months, and the assignment or return training of professional training shall also be implemented; Training for supervisors (including class/department/factory-level supervisors) will be held irregularly, while	

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			other colleagues will be assigned training at the technical/R&D/industrial safety/process improvement/laws and regulations, which will provide external or internal education and training to meet the personal career development needs of employees and the Company's management policy, and provide training courses for all-round talents. For staff training, a survey of staff training needs is conducted in the fourth quarter of each year, and an education and training implementation plan is compiled. In addition, a digital learning platform is set up to provide a channel for self-learning, so as to enhance staff's professional or management skills and balance their physical and mental development. Additionally, online e-learning courses allows coworkers to effectively participate in learning activities anytime, anywhere, thereby enhancing their career development and overall work performance.	
(V) Does the Company comply with relevant laws and regulations and international standards, and has a policy and complaint procedure to protect the rights of consumers or customers with respect to the health and safety of customers, customer privacy, marketing and labeling of products and services?	V		(V) The Company establishes long-term cooperation with high-quality suppliers based on quality, capability and environmental protection policies, fulfills corporate social responsibilities, and delivers the idea of environmental protection policies to contractors and carriers. At the same time, the Company complies with the RoHS directive and enhances environmental protection education and training. The Company also pays serious attention to the safety of construction companies in the plant area and ensures the safety of various operations so as to protect the safety and health of workers and jointly engage in good risk management with them.	

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
			1. Customer health and safety: all products have MSDS (material safety data sheet) to provide customers with guidelines for storage and transportation, so as to maintain health and safety. 2. Customer privacy: In 2013, the "Customer Personal Data Control Operation" was formulated for compliance to maintain customer privacy. 3. Marketing and labeling: all comply with relevant laws and international standards. Trademark labeling on packaging bags is processed in accordance with regulations in the Trademark Act. 4. Establishment of related consumer rights protection policy and grievance-filing procedures: The Company provides customers with complaint channels for in accordance with the "Operating Procedures for Processing Customer Complaints" to protect their interests.	
(VI) Has the Company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health and labor rights, and requested their reporting on the implementation of such issues?	V		(VI) The supplier management policy is mainly to promote and encourage suppliers to sign the Letter of Commitment of Supplier's Corporate Social Responsibility (hereinafter referred to as the Letter of Commitment). The Company has drawn up this Letter of Commitment, which requires suppliers to make commitments to the requirements of human rights, industrial safety, sanitation, environmental protection and conflict minerals. 1. Requirements: (1) Labor and human rights: including non-forced labor, prohibition of child labor, provision of due wages and benefits,	

Advancement Project	Implementation status: (Note 1)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			protection of working hours and rest time, elimination of sexual harassment, bullying and discrimination in the workplace, and non-use of conflict minerals, etc. (2).health and safety: Including necessary measures such as occupational safety, emergency response, industrial hygiene, machine protection, public health, accommodation and health and safety information. (3) Environment: Including environmental operation permit, pollution prevention and resource conservation, hazardous substances, sewage, harmless solid waste, noise, exhaust gas emission, product and service restriction, energy/resource consumption and greenhouse gas emission, etc. (4) Ethics: Including operating in good faith, respecting intellectual property rights, abiding by relevant confidentiality agreements, safeguarding privacy and avoiding conflicts of interest, etc. 2. Implementation status: (1) Existing suppliers: The Company promotes and encourages suppliers of regular procurement items to sign the letter of commitment. The achievement rate was about 80% by 2019, about 90% by 2020, about 98% by 2021, and more than 99% by 2022, and is expected to reach 100% in 2023 in signing letter of commitment with existing and newly added raw material suppliers. (2) New suppliers: Since 2019, all new suppliers have been required to sign the Letter of Commitment when submitting supplier information. (3) Planning the content of supplier's factory visit audit: it is estimated that the social and environmental assessment project	

Advancement Project	Implementation status: (Note 1)			Discrepancies from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary	
			will be included in the supplier evaluation audit project before 2024; Suppliers who fail to meet the Company's social and environmental assessment will be assisted to carry out improvement work.	
V. Does the Company prepare sustainable development report and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the Company obtain third-party assurance or qualified opinion for the reports above?	V		The Company's CSR reports are drafted based on the "Core Options" of the "GRI Sustainability Reporting Standards" (GRI Standards) published by the Global Reporting Initiative's (GRI). Does the Company obtain third-party assurance or qualified opinions for the reports above every year. The ESG report in 2021 was verified by BSI (Taiwan Province Branch of British Standards Institute), an independent third party, and a verification statement was obtained. After the certification, the report obtained the international certifications of AA1000 (Type 1 Medium Assurance Level) certification.	Consistent with the sustainable development Best-Practice Principles for TWSE or TPEx Listed Companies.
VI. If the Company has its own code of practice for sustainable development in accordance with the Code of Practice for Sustainable Development of Listed Companies, please describe the differences between its operation and the code: The Company added its Sustainable Development Best Practice Principles on March 11, 2015. There has been no material discrepancy between these principles and their implementation.				
VII. Other important information that is helpful to understand the operation of promoting sustainable development: TTC upholds the spirit of "giving back to the society what is taken from it" to care for the community, local groups and local schools, as well as continuing to interact with local communities to maintain good relations. Risks or opportunities to the community are as follows: Giving back to the community: including community development associations, education and culture, environmental protection agencies, community associations, local folk festivals, and emergency assistance. Offer job opportunities: local talents are prioritized for appropriate vacancies and contractors are encouraged hire local residents. Community fellowship: Including activities for local inhabitant, community representatives, environmental protection groups, religious activities.				

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	

2022 Community Care Activities for Social Participation and Implementation Results

Type	Results / Implementation
Caring for the neighborhood	* Linyuan District neighborhood care get-together or activities and social lectures feedback
	* District community club development association and the association study activities
	* In 2022, in cooperation with the "2021 Management Plan of Air Purified Area in Kaohsiung City" of the Environmental Protection Bureau of Kaohsiung City, Linyuan Plant adopted the air purified area and the clean air green wall base of Zhongyun Elementary School in Linyuan District of Kaohsiung City for one year's environmental and planting maintenance assistance. The adoption period was from June 8, 2022 to June 7, 2023.
	* Renovation of various public facilities in Linyuan Plant
	* Marketing of New Year folklore and agricultural and fishery products in Linyuan Plant
	* In response to the Kaohsiung City Environmental Protection Bureau's promotion of energy saving and carbon reduction counseling and inter-departmental greenhouse gas cooperation to reduce greenhouse gas emissions, Linyuan Plant assisted Linyuan Elementary School in Kaohsiung City to replace the air conditioning equipment on the 1st and 2nd floors of the Activity Center to reduce energy consumption and greenhouse gas emissions.
Type	Results / Implementation
Community clubs	* USI Tennis Tournament was jointly held on October 22, 2022, with 7 employees from Linyuan Plant
	* In November 2022, Linyuan Plant participated in the Group's southern public welfare softball tournament and sponsored the meal ordering activity of Children Are Us's catering kitchen to enhance the corporate social responsibility of USI Corporation and the engagement of its employees in public welfare.
	* Scholarships for schools in Linyuan District
	* Subsidies for school facilities at all levels in Linyuan District
Donations and other sponsorship	* Every year, we invest funds into the USI Education Foundation to help the foundation invest more resources in rural education, environmental sustainability and other public welfare undertakings and activities
	* Temple celebrations and other sponsorship
	* Participated in the joint donation of anti-epidemic protective clothing to the Environmental Protection Bureau of

Advancement Project	Implementation status: (Note 1)			Discrepancies from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	

	Kaohsiung City Government together with USI Corporation and other friends

Investing resources to support domestic cultural development
Invested in USIF

Note 1: If "Yes" is selected in the operating status, please explain the important policies, strategies, and measures adopted, and the implementation status; if "No" is selected in the operating status, please specify the difference reason and explain related future policies and plans for strategies and measures in the column "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof".

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the company's investors and other stakeholders.

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

Climate information of TWSE/TPEx-listed company

1. Risks and opportunities caused by climate change to the Company and the Company's countermeasures

<table>
<tr><th>Item</th><th>Status of Implementation</th></tr>
<tr><td>1. The Board of Directors and management are responsible for the oversight and management of climate related risks and opportunities.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the Company (short, medium, and long term).
3. Describe the financial impact of extreme climate events and transformational actions.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.
5. If situational analysis is used to assess the resilience to climate change risks, describe the context, parameters, assumptions, analysis factors, and key financial impacts used.
6. If there is a transformation plan for managing climate-related risks, describe the contents of the plan, and the indicators and targets used to identify and manage physical and transformation risks.
7. If internal carbon pricing is used as a planning tool, the basis for the pricing should be stated.
8. If climate related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, the annual progress of achievement, etc. should be stated; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates</td>
<td>Climate change is a common global challenge. Carbon reduction has become a common global goal. In recent years, USI Corporation has been actively promoting the mitigation operation of greenhouse gases generated, and actively carrying out energy saving and carbon reduction improvements, echoing the government's net zero policy. In order to strengthen carbon reduction efforts, the Corporation has set the 2030 carbon reduction target of “reducing carbon emissions by 27% by 2030 compared to the base year of 2017” in early 2022, and has actively implemented corresponding strategies and management mechanisms. By the end of 2022, the cumulative grid-connected capacity of the Group's solar energy field has reached 5.9MW.
The Company plans its carbon reduction path in accordance with the Corporation's 2030 carbon reduction target, and will reduce GHG emissions by 6% in 2021 compared to the base year of 2017 (third-party accounting) and by 15% in 2022 compared to the base year of 2017 (self-accounting), and, in the future, it will implement energy conservation and carbon reduction programs, improve energy efficiency, use renewable energy and low-carbon fuels, implement carbon reduction targets, and promote sustainable development in the future more actively.
In response to the impact caused by climate change, the Company has applied the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify the risks and opportunities associated with climate change, assess the potential financial impact, and take relevant countermeasures.
TCFD Framework: Governance →Strategy → Risk Management → Targets and Objectives
1. Governance
<table>
<tr><td>ESG Committee</td><td>The Committee is the highest-level organization in climate change management in the Company, with an Independent Directors as its chair, and it needs to report the climate change-related implementation plans and performance every year to the Board of Directors</td></tr>
<tr><td>Business management meeting</td><td>Chaired by the Chairman of the Board of Directors, responsible for planning and reporting on the results of major energy saving and carbon reduction policies from time to time.</td></tr>
<tr><td>The Corporation</td><td>The meeting is USI Corporation's highest energy management unit</td></tr>
</table></td></tr>
</table>

Item	Status of Implementation

(RECs) should be stated.

9. Greenhouse Gas Inspection and Verification (separately filled in 1-1).

adopts an environmental management quarterly meeting system	and it is responsible for reporting the implementation planning, progress, and decision-making to the Chairman each quarter.
Corporation’s Green Power Team	As the main unit responsible for the promotion of green power in USI Corporation, it reports monthly to the Chairman on the progress of green power development and future plans.

The ESG Committee is the highest organization in climate change management and reports annually to the Board of Directors on climate change promotion plans and performance.

2. Strategy

Identify risks and opportunities	Each company shall identify material items based on the risks and opportunities based on the probability of occurrence and level of impact.
Evaluate potential financial shocks	Conduct evaluations on potential financial shocks for identified material risks and opportunities
Scenario analysis	Set up net-zero plans according to different scenarios

The TFCD methodology is used to identify the five major risks and five major opportunities in the operating process, and to assess the timing of impacts and potential financial impacts, as shown in the table below:

Type	Item	Timeframe of occurrence	Potential financial impact
Physical risk	Rainfall patterns and extreme climate change	Long-term (> 5 years)	Reduced revenue
	Increased severity of extreme weather events	Medium-term (3~5 years)	Reduced revenue
	Rising average temperatures	Long-term (> 5 years)	Increased operating costs
Transformation risk	Increased pricing of Greenhouse gas emissions	Medium term	Increased operating costs
	Strengthened emissions reporting obligations	Long-term	Increased operating costs
Type	Item	Timeframe of occurrence	Potential financial

Item	Status of Implementation

			impact
Opportunities	Recycling	Medium term	High input costs in the first phase, but lower operating costs in the subsequent years
	Participation in renewable energy programs and adoption energy conservation measures	Medium term	High input costs on carbon reduction technology in the first phase, but lower operating costs in the subsequent years
	Reduction of water utilization and consumption	Medium term	Reduced operating costs
	Usage of more efficient production and distribution processes	Medium term	Increased revenue
	Use of low-carbon energy sources	Medium term	Increased operating costs

3. Risk management

Introduction of TCFD	Use the TCFD framework to identify risks and opportunities, communicate with main responsible units, and confirm with senior executives
Identification result report	Incorporate the annual corporate risk management assessment items, and have the General Manager report annually to the Audit Committee and the Board of Directors on control measures and management operations.

Incorporate the results of climate change assessment into the Company's risk management assessment items, and have the General Manager report annually to the Audit Committee and the Board of Directors on control operations.

<table>
<tr><th>Item</th><th>Status of Implementation</th></tr>
<tr><td></td><td>4. Indicators and targets
<table>
<tr><td>Energy management targets</td><td>Set a target of 27% carbon reduction by 2030 with 2017 as the base year, and review it every three years.</td></tr>
<tr><td>Climate response strategies</td><td>Replacement of old equipment, construction of renewable energy equipment, optimization of production scheduling, building air-conditioning planning, energy management system, and extreme climate emergency response plans</td></tr>
<tr><td>Disclosure of greenhouse gas emissions</td><td>The Company discloses emissions data for Scope 1 and Scope 2 in the annual ESG Report and regularly reviews the reasons for increases and decreases</td></tr>
</table>
The Company's three plants in Taiwan have completed their own GHG self-accounting in 2022, with total emissions of 15,028 metric tons of CO_2e in Scope 1 and 52,710 metric tons of CO_2e in Scope 2. It is expected that the third-party GHG accounting and verification of the parent company will be completed in 2023, and the third-party GHG accounting of Zhongshan and Tianjin plants will be completed at the same time.</td></tr>
</table>

(VI) Implementation of Ethical Management; Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reasons Therefor

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
I. Ethical Corporate Management Policies and Programs (I) Does the Company establish an ethical corporate management policy approved by the Board of Directors, and declare its ethical corporate management policy and measures in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?	V		(I) The Group upholds the business philosophy of "Solid Operation, Professional Management, Seeking Excellence and Serving the Society" and exercises its corporate culture that "seeks truth, honesty and comprehensiveness". The Company has established the "Ethical Corporate Management Best Practice Principles" "Procedures for Ethical Management and Guidelines for Conduct", "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers", which were approved by the board of directors, to specify its ethical corporate management policies. The Company's Board of Directors and the General Manager have signed statements of ethical management to fulfill their commitments in management policies.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(II) The Company has established the Ethical Corporate Management Best Practice Principles, which has been approved by the Board of Directors, and established a risk assessment mechanism for unethical conduct to regularly analyze and evaluate business activities with higher risk of unethical conduct within the business scope, so as to formulate prevention programs, while reviewing the adequacy and effectiveness of prevention programs on a regular basis and strengthening relevant preventive measures. The prevention programs adopted by the Company shall include preventive measures against the following actions: 1. Offering and acceptance of bribes. 2. Illegal political donations. 3. Improper charitable donations or sponsorship. 4. Offering or accepting unreasonable gifts, services, hospitality or other improper benefits. 5. Misappropriation of trade secrets and infringement of trademark rights, patent rights,	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
			copyrights, and other intellectual property rights. 6. Engaging in unfair competitive practices. 7. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.	
(III) Does the Company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	V		(III) 1. The Company has established the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct with the approval of the Board of Directors, which specifically regulate the matters to which Directors, managerial officers, employees and persons in effective control should pay attention in the execution of their business, and the disciplinary and complaint systems for non-compliance. 1. The Company has established the "Procedures for Handling Cases of Illegal and Unethical or	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
			Dishonest Conduct" to promote the reporting of any illegal behavior or violation of the Code of Conduct or the Ethical Corporate Management Principles. Any employee or external party can report cases of illegal, unethical or dishonest conduct by freely choosing to access the Company's website or the hotline set up at the Audit Office: • Audit Committee: Accept reports from shareholders, investors, and other stakeholders. • Audit Office: Accept reports from customers, suppliers, and contractors. • Human Resources Department: Accept reports from employees of the Company. None of the units received illegal reports in year 2022. 2. Relevant regulations are implemented, and continuous education and training are performed for promotion.	
II. Implementation of ethical management: (I) Does the Company evaluate business	V		(I) The Company has requested for terms of ethical	Consistent with the

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?			conduct to be clearly defined in commercial contracts in accordance with its Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct.	Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(II) Does the Company establish an exclusively dedicated unit supervised by the Board of Directors to be in charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)?	V		(II) To strengthen ethical corporate management, the corporate governance team is responsible for establishing the ethical corporate management policy and prevention programs while supervising such implementation; the Corporate Governance Officer reports to the Board of Directors regularly at least once a year. The Corporate Governance Officer reported to the Board of Directors on matters related to ethical corporate management on November 2, 2022, including: 1. Cooperating with laws and regulations to formulate and implement the relevant rules and regulations of the honest management policy, and implementing them. 2. Regularly analyzing and evaluating the risk of dishonest behavior within the business scope,	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
			and evaluating the risk of dishonest behavior within the business scope according to the Checklist for Evaluating the Risk of dishonest behavior. After evaluation, there is no significant risk in this year. 3. The Company has planned its internal organizational structure and placed a control mechanism on business activities with higher risk of dishonest conduct in the business scope. 4. It promoted and coordinated of honesty policy advocacy training. 5. Planning the reporting system to ensure the effectiveness of its implementation. According to statistics, no illegal incidents have been reported this year. 6. Assist the Board of Directors and the General Manager in reviewing and assessing whether the prevention measures taken for the purpose of implementing ethical corporate management are carried out effectively, and prepare reports on the regular assessment of compliance with operating procedures.	

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(III) The Company has formulated the Code for Ethical Conduct of Directors and Managerial Officers to prevent conflict of interest and provide suitable channels for Directors, managers, and employees to explain any potential conflict of interest with the Company.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging CPAs to carry out the audit?	V		(IV) The Company's accounting systems and internal control systems can run independently and objectively. Internal control personnel regularly report the audit opinions to the Audit Committee and the Board of Directors. CPAs appointed by the Company regularly perform internal audits and hold discussions with the management. After conducting risk assessment, the internal audit unit formulates the audit plan for the next year, and adds the audit item "management of reports of illegal and unethical or dishonest conduct" to check the compliance with the scheme for preventing dishonest conduct.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
(V) Does the Company regularly hold internal and external training on ethical corporate management?	V		(V) To help employees understand professional ethical regulations, the Company published related regulations on the corporate website and continues	Consistent with the Ethical Corporate Management Best

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>to invite renowned academics and experts to provide training and awareness programs for Directors, managerial officers, employees, and substantial controllers so they understand the Company's resolve for implementing ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.
In order to implement good-faith management and ethical behavior, the Company continues to promote and hold training courses on a regular basis. In 2022, the Company held totally 291 hours of education and training related to ethical management issues, with a total of 133 participants. The breakdown of the courses is as follows
<table><tr><th>Course Title</th><th>Number of Participants</th><th>Continuing education and training Hours</th></tr><tr><td>[Ethical Management Seminar] Fair Trade Law and Cases</td><td>15</td><td>45</td></tr></table></td><td>Practice Principles for TWSE or TPEx Listed Companies.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><th>Course Title</th><th>Number of Participants</th><th>Continuing education and training Hours</th></tr>
<tr><td>[Ethical Management Seminar] Prevention of Illegal Violations in the Workplace</td><td>108</td><td>216</td></tr>
<tr><td>[Ethical Management Lecture] Discussion on Labor Law of Human Resources and Personnel</td><td>5</td><td>15</td></tr>
<tr><td>[Ethical Management Lecture] Trade Secrets Act Introduction and Case Analysis</td><td>5</td><td>15</td></tr>
<tr><td>Total</td><td>133</td><td>291</td></tr>
</table></td><td></td></tr>
<tr><td>III. Implementing the Company's whistleblowing system
(I) Has the Company established specific whistleblowing and reward systems, set up conveniently accessible whistleblowing channels, and designated responsible individuals to handle the whistleblowing received?</td><td>V</td><td></td><td>(I) The Company's Board of Directors passed the amendments to the "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct" on November 13, 2019 (Website: https://www.ttc.com.tw/OthersPDF/TTC_HandlingForIllegalImmoral.pdf).</td><td>Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.</td></tr>
</table>

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
			The specific whistleblowing channels, incentive system, dedicated personnel, and whistleblower protection are as follows: 1. Report channels: (1) In-person: Face-to-face explanation. (2) Telephone report: 02-26503783 (3) By mail: Audit Office, 7F, No. 37, Jihu Road, Neihu District, Taipei City. 2. Reward system: Where a report is verified as true and its contribution generates significant economic benefits, the incident may be submitted to the General Manager to provide the whistleblower with appropriate rewards. 3. Responsible personnel: (1) Audit Committee: Accept reports from shareholders, investors, and other stakeholders. (2) Audit Office: Accept reports from customers, suppliers, and contractors. (3) HR Department: Accept reports from employees.	

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
	V		4. Whistleblower protection: Whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities and information provided shall be fully maintained, so that they will not be subjected to unfair treatment or retaliation. Where the whistleblower is an employee, the Company shall guarantee that the employee shall not sustain inappropriate treatment that may arise from the report.	
(II) Has the Company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V		(II) The measures mentioned in the preceding paragraph specify the standard operating procedures for investigating the case being exposed by the whistleblower and the relevant confidentiality mechanism; where whistleblower is anonymous or did not use his/her true name, or the content stated or the proof of origin provided is deemed necessary for investigation, the case may still be reported to the Chairman/General Manager before the case is handled and recorded as a reference for internal review. Once they are verified as true, the Company shall, based on the violation or severity of the violation, implement	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
(III) Has the Company adopted proper measures to prevent whistleblowers from retaliation for their reporting?			disciplinary measures and process such violations in accordance with related regulations. (III) The procedures above also specify that whistleblowers or persons involved in investigations shall be fully protected and the confidentiality of their identities fully maintained, so that they will not be subjected to unfair treatment or retaliation.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
IV. Strengthening Information Disclosure Has the Company disclosed the content and effectiveness of its integrity management principles on the Company's website and the Market Observation Post System?	V		The Company has disclosed relevant regulations and information on ethical corporate management on the Company's website, which is available for employees at any time. (Website: https://www.ttc.com.tw/OthersPDF/TTC_FaithManageRule.pdf). The information related to ethical corporate management and the effectiveness of implementation is disclosed on the MOPS website and in the annual report.	Consistent with the Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies.
V. If the Company has established the Ethical Corporate Management Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the policies and the implementation: The Company has established its "Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers", the "Ethical Corporate Management Best Practice Principles", the "Procedures for Ethical Management and Guidelines for Conduct", the "Code of Conduct for Employees Regarding Concurrent and Part-time Work", and the "Procedures for Handling Cases of Illegal				

Evaluation Item	Implementation Status (Note)			Discrepancies between its implementation and the "Ethical Corporate Management Best Practice Principles for TWSE or TPEx Listed Companies" and reasons for such discrepancies
	Yes	No	Summary	
and Unethical or Dishonest Conduct". The operation is in accordance with the Ethical Corporate Management Best Practice Principles.				
VI. Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies) The Company has established internal regulations in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies as amended by the competent authorities and the Corporate Governance Best Practice Principles as amended on August 4, 2022. On November 2, 2022, the Board of Directors approved the amendment of the Company's Procedures for Ethical Management and Guidelines for Conduct. The Corporate Governance Officer reports to the Board of Directors once each year. On November 2, 2022, it reported to the Board of Directors on matters related to ethical corporate management.				

(VII) If the Company has stipulated best practices for corporate governance and other relevant bylaws, the means for inquiry shall be disclosed

1. The Company has formulated various corporate governance guidelines and rules:
   (1) Articles of Incorporation.
   (2) Regulations Governing the Acquisition and Disposal of Assets.
   (3) Regulations Governing Making of Endorsements/Guarantees.
   (4) Regulations Governing the Loaning of Funds to Others.
   (5) Rules of Procedure for Board of Directors' Meetings
   (6) Procedures Governing the Evaluation of the Performance of the Board of Directors.
   (7) Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Managerial Officers.
   (8) Regulations Governing the Election of Directors.
   (9) Employee Work Rules.
   (10) Procedures for Handling Material Inside Information.
   (11) Procedures for Ethical Management and Guidelines for Conduct.
   (12) Ethical Corporate Management Best-Practice Principles
   (13) Measures for handling cases of reporting illegal, immoral or dishonest acts.
   (14) Rules of Procedure for Shareholders' Meetings
   (15) Rules Governing the Scope of Powers of Independent Directors
   (16) Remuneration Committee Charter
   (17) Code of Practice for Sustainable Development.
   (18) ESG Committee Charter
   (19) Audit Committee Charter
   (20) Corporate Governance Best-Practice Principles
   (21) Management Guidelines for Employee Complaint and Feedback Mailboxes

(22) Standard Operating Procedures for Requests Filed by Directors

(23) Human Rights Policy and Management Plan

(24) Formulation of Intellectual Property Management Plan

(25) Risk Management Policy and Procedures

(26) Pre-approval of non-confirmation services provided by certified public accountants.

(27) Measures to prevent sexual harassment and disciplinary actions of USI Corporation.

2. Please refer to the Corporate Governance section on the MOPS website (https://mops.twse.com.tw) or the Company's website (https://www.ttc.com.tw).

(VIII) Other material information that can enhance the understanding of the state of corporate governance at the Company:

The Company regularly audits its subsidiaries and regularly analyzes and reviews the financial and business information of its subsidiaries in accordance with the requirements for supervision and monitoring of subsidiaries stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies.

(IX) Implementation Status of Internal Control System:

1. Statement of Internal Control

Taita Chemical Company, Ltd.
Statement of Internal Control

Date: March 3, 2023

The Company makes the following statement according to the self-evaluation conducted of the internal control system in 2022:

I. The Company acknowledges that it is the responsibility of the Board of Directors and the Manager to establish, implement and maintain a system of internal control and that the Company has established such a system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including profit, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws. Its purpose is to provide reasonable assurance for the achievement of the objectives of operational effectiveness and efficiency (including profit, performance and asset security), reliability, timeliness, transparency and compliance with relevant norms and laws and regulations.

II. An effective internal control system, no matter how well designed, can only provide reasonable assurance of the achievement of the above three objectives; furthermore, the effectiveness of the internal control system may change due to changes in circumstances and conditions. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once any deficiencies are identified, the Company will take corrective actions.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. environmental control; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. For more information on such items, refer to the Regulations. Please refer to the "Handling Guidelines" for the above items.

IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.

V. Based on the above results, the Company believes that the design and implementation of its internal control systems (including supervision and management of its subsidiaries), as of December 31, 2022 and understanding the level of goal achievement in regards to operational benefits and efficiency, as well as whether the reporting is reliable, timely and transparent and whether it complies with the relevant laws and regulations, is effective and can reasonably assure the accomplishment of the abovementioned goals.

VI. This statement will become the main content of the Company's annual report and prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. In witness whereof, this statement was approved by the Board of Directors of the Company on Mar. 3, 2023, among which 9 Directors were present, all agreeing to the contents of this statement.

Taita Chemical Company, Ltd.

Chairman: Wu, Yi-Gui

General Manager: Pei-Chi Wu

2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: None.

(X) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of this annual report: None.

(XI) Critical resolutions made during shareholders and Board of Directors' meetings and implementation status in the most recent fiscal year up to the publication date of this annual report

1. Shareholders' Meeting

Year of Meeting	Date of Meeting	Key Resolutions
2022	2022/5/27	The minutes of the Shareholders' Meeting were posted onto MOPS on June 15, 2022. The resolutions and their status of implementation are as follows: 1. Approve the 2021 Account Book Implementation status: 2. Approve the 2021 earnings distribution plan. Implementation status: A total of NT$757,308,282 were distributed to the shareholders as cash dividends, and the record day was August 5, 2022. All the cash dividends were completely distributed on August 31, 2022. On the other hand, a total of NT$189,327,070 were distributed to the shareholders as stock dividends, where 18,932,707 new shares were distributed. All the stock dividends were completed distributed on September 15, 2022. 3. Deliberate on capital increase by retained earnings Implementation status: The resolution was declared effective by the Securities and Futures Bureau under the Financial Supervisory Commission on July 6, 2022 and was approved as stated in the approved letter with Reference No. J.S.S.Z. 11101161590 dated August 26, 2022. The Company issued 18,932,707 new shares, where 50 new shares were distributed for each thousand shares held. The capital increase record

Year of Meeting	Date of Meeting	Key Resolutions
		date approved by the Board of Directors was August 5, 2022. The new share right certificates were listed on August 31, 2022, and were terminated on September 15, 2022 the new shares were released. 4. Discuss the amendment of the "Procedures for Acquisition or Disposal of Assets". Implementation status: Adopted, and implemented according to the resolution passed by the Shareholders' Meeting. 5. Discuss the removal of the non-compete clause for Directors. Implementation status:

2. Board of Directors

Session (Year) of Meeting	Date of Meeting	Key Resolutions
The 1st meeting in 2022	2022/3/9	1. Ratify the provision of endorsement guarantee for subsidiary Taita Chemical (Zhongshan) Co., Ltd. 2. Approve the 2021 Account Book. 3. Approve the 2021 reward distribution plan for directors and employees. 4. Adopt the proposal on the distribution of surplus for 2021. 5. Through the "rules of procedure of shareholders' meeting" part of the amendment. 6. Approved the amendment of certain articles in the Rules of Procedure for Shareholders' Meetings 7. Approve the recommendation to lift competition restrictions against newly elected directors at the Annual General Meeting 8. Approved matters related to the convening of the 2022 Annual General Meeting. 9. Determine the period for acceptance of shareholders' proposals as: March 20, 2022 to March 30, 2022. 10. Approve the proposal on 2022 evaluation of the independence of appointed CPAs. 11. Approved the appointment of CPAs for 2022. 12. Authorized the Chairman to sign and deliver shot-term credit loan contracts and related documents to financial institutions. 13. Approve the issuance of the 2021 Statement on Internal Control System 14. Approved donations to the USI Education Foundation. 15. Through "corporate social responsibility code of Practice" and "corporate social responsibility committee organization rules" part of the provisions amended.
The 2nd meeting	2022/5/5	1. Ratify the sale of equipment to related party.

Session (Year) of Meeting	Date of Meeting	Key Resolutions
in 2022		2. Approve the 1Q2022 Consolidated Financial Statements. 3. Authorize the Chairman to change the venue of the 2022 regular shareholder's meeting in the light of the response to the COVID-19 epidemic.
The 3rd meeting in 2022	2022/6/7	Approved the issuance of new shares.
The 4th meeting in 2022	2022/8/3	1. Ratify to sign a three-year medium-term loan limit with Taishin International Bank. 2. Ratify the provision of endorsement guarantee for subsidiary TAITA (BVI) Holding Co., Ltd. 3. Approve the 2Q2022 Consolidated Financial Statements. 4. Permit managerial officers to engage in competitions 5. Through the revision of the company's internal control system. 6. Approve the amendments to some provisions in the Corporate Governance Best Practice Principles.
The 5th meeting in 2022	2022/9/2	1. Ratify the provision of endorsement guarantee for subsidiary Taita Chemical (Zhongshan) Co., Ltd. 2. Ratifying the signing and delivery of short-term credit contracts and relevant documents with financial institutions. 3. Permit managerial officers to engage in competitions
The 6th meeting in 2022	2022/11/2	1. Ratify a three-year medium-term loan limit signed with Bank of China, Taipei Branch 2. Ratify the provision of endorsement guarantee for subsidiary TAITA (BVI) Holding Co., Ltd. 3. Ratifying the signing and delivery of short-term credit contracts and relevant documents with financial institutions. 4. Approve the 3Q2022 Consolidated Financial Statements. 5. Approve the 2023 budget. 6. Approve remuneration of CPAs for 2022. 7. Approve the 2023 Annual Audit Plan. 8. Through the revision of the company's internal control system. 9. Approve the amendments to some provisions of the Code of Conduct for Board Meetings. 10. Approve the amendments to some provisions of the Internal Procedures for Handling Material Information. 11. Approve the amendments to some provisions in the Remuneration Committee Charter 12. Approve the amendments to some provisions in the Procedures for Ethical Management and Guidelines for Conduct. 13. Permit managerial officers to engage in competitions

Session (Year) of Meeting	Date of Meeting	Key Resolutions
The 1st meeting in 2023	2023/3/3	1. Ratify the conclusion of a three-year medium-term loan limit with Taipei Fubon Bank. 2. Approve the 2022 Account Book. 3. Approve the remuneration distribution to directors and employees for 2022. 4. Approve the 2022 Earning Distribution Plan 5. Approve the amendment of some provisions in the Articles of Association. 6. Rules of Procedures for Shareholders' Meetings 7. Approve the amendment of certain articles in the Regulations Governing the Election of Board Members 8. Approve the recommendation to lift competition restrictions against newly elected directors at the Annual General Meeting 9. Approve matters related to the convening of the 2023 Annual General Meeting. 10. Established the period for acceptance of shareholders' proposals: March 26, 2023 to April 5, 2023. 11. Approve the 2023 evaluation of the independence and competency of appointed CPAs. 12. Approve the appointment of CPAs for 2023. 13. Approve the amendment to certain articles of the ESG Best Practice Principles. 14. Approve the issuance of the 2022 Statement on Internal Control System. 15. Authorized the Chairman to sign and deliver shot-term credit loan contracts and related documents to financial institutions.

(XII) For the most recent year and up to the date of publication of the annual report, if a director or supervisor has different opinions on important resolutions passed by the Board of Directors and there are records or written statements, the main content is: none.

(XIII) Summary of the resignation or dismissal of the Company's Chairman, General Manager, Heads of Accounting, Finance, Internal Audit and R&D in the most recent fiscal year up to the publication date of this annual report

Title	Name	The arrival date	Date of dismissal	Reasons for resignation or dismissal
No such occurrences.				

V. Visa accountant public fee information

Visa accountant public fee information

Unit: NT$ thousands

Name of accounting firm	CPA	Audit period	Audit fees	Non-audit fees	Total
Deloitte, Taiwan	Chiu, Cheng-Chun Huang, Hsiu-Chun	2022/01/01 -2022/12/31	2,540	510	3,050

Please specify the non-audit services: tax certification 410 / others 100

Note: If the Company has replaced the CPAs or accounting firm in the current fiscal year, the audit period should be listed separately, and the reason for replacement should be stated in the "remark" column. Information regarding the audit and non-audit fees paid should also be disclosed in order. Non-audit fees should be listed in the “Remarks” column.

(I) Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made was less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount

The Company has not changed the CPA firm in 2022, and thus it is not applicable.

(II) Where the audit fees were reduced by more than 10 percent compared to the previous fiscal year, the amount and percentage of decrease in audit fees, as well as the reason

The Company's audit fee has not been reduced by more than 10% of that paid in the previous year. This is therefore not applicable.

VI. Information on Replacement of CPA

(I) Previous CPAs: Not applicable

<table>
<tr><td>Date of Replacement</td><td colspan="3"></td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3"></td></tr>
<tr><td rowspan="3">Statement on whether the authorizing party or the accountant terminate or reject the authorization</td><td>Contracting Party
Scenario</td><td>CPA</td><td>Appointer</td></tr>
<tr><td>Termination of appointment</td><td colspan="2" rowspan="2">N/A.</td></tr>
<tr><td>No longer accepted (continued) appointment</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="3">2022 and 2021 audit report with unqualified opinion</td></tr>
<tr><td rowspan="6">Is there any disagreement with the issuer?</td><td rowspan="4">Yes</td><td rowspan="4"></td><td>Accounting principles or practices</td></tr>
<tr><td>Disclosure of financial statements</td></tr>
<tr><td>Audit scope or procedures</td></tr>
<tr><td>Others</td></tr>
<tr><td>None</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Descriptions: None</td></tr>
<tr><td>Other Revealed Matters (Matters that should be disclosed in accordance with Item 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations)</td><td colspan="3">None</td></tr>
</table>

(II) Successor CPAs: Not applicable

Name of CPA Firm	
Name of CPAs	
Date of Appointment	
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that might be included on financial statements before the appointment of new CPAs	
Written opinions from successor CPA to former CPA on disagreements Written views on disagreements	

(III) Former CPA's response to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the accounting standards: Not applicable.

VII. The Company's Directors, General Manager, Managerial Officer in Charge of Finance or Accounting Who Has Served in a CPA's Accounting Firm or Its Affiliated Companies in the Most Recent Fiscal Year Shall Disclose Their Names, Positions and the Period of Employment in CPA's Accounting Firm or Its Affiliated Companies: None.

VIII. Equity Transfer or Changes in Equity Pledged by the Company's Directors, Managerial Officers or Shareholders with Shareholding Percentage Exceeding Ten (10) Percent in the Most Recent Fiscal Year up to the Publication Date of this Annual Report

(I) Changes in shareholdings of Directors, Supervisors, managerial officers and substantial shareholders

Share Equity Change Status for Directors, Supervisors, Managers and Major Shareholders [Position (Note 1)]	Name	2022		Year to March 31, 2023	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Major Shareholder	Union Polymer International Investment Corporation	6,964,917	0	0	0
Director	Wu, Yi-Gui (Representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
	Wu, Pei-Chi (Representative of Union Polymer Int'l Investment Corp.)	0	0	0	0
Shareholders	USIFE Investment Co., Ltd. (Newly appointed on July 26, 2021)	77,128	0	0	0
Director	Ma, I-Kung (representative of USIFE Investment Co., Ltd.)	0	0	0	0
	Ying, Bao-Luo (representative of USIFE Investment Co., Ltd.)	1,528	0	0	0
Shareholders	Taiwan Union International Investment Corporation	421,666	0	0	0
Director	Ko, I-Shao (representative of Taiwan Union International Investment Corp.)	0	0	0	0
Independent Directors	Chen, Tien-Wen	0	0	0	0
	Wei, Yung-Tu	0	0	0	0
	Li, Kuo-Hsiang	0	0	0	0
	Juan, Chi-Yin	0	0	0	0

Share Equity Change Status for Directors, Supervisors, Managers and Major Shareholders [Position (Note 1)]	Name	2022		Year to March 31, 2023	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Chief Executive Officer	Wu, Yi-Gui	0	0		
General Manager	Wu, Pei-Chi	0	0		
Executive Deputy General Manager	Yen, Tai-Ming	0	0		
Corporate Governance Officer	Chen, Yung-Chih	0	0		
Supervisor of Accounting Department	Lin, Chin-Tsai	0	0		
Supervisor of Finance Department	Chuang, Kai-Hui	0	0		

Note 1: Shareholders who hold more than ten (10) percent of the Company's shares shall be noted as major shareholders, and listed separately.
Note 2: Counterparties involved in equity transfer or pledging of shares to related parties should be shown in the following table.

(II) Share transfer information: Information on the counterpart of equity pledge not being a related party of the Company's directors, supervisors, managers and shareholders holding over 10% of total shares

Name (Note 1)	Reason for Equity Transfer (Note 2)	Date of Transaction	Transferee	Relationship between the counterparty and the Company, its Directors, Supervisors, managerial officers, and shareholders with shareholding percentage exceeding ten (10) percent	Number of Shares	Transaction Price
N/A.						

Note 1: Fill the name of the Company's directors, supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.
Note 2: Fill either "Acquisition" or "Disposal".

(III) Information on pledging of shares: No counterparty involved in pledging of shares is a related party of the Company's Directors, Supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.

Name (Note 1)	Reason for Pledging of Shares (Note 2)	Date of Change	Transferee	Relationship between the counterparty and the Company, its Directors, Supervisors, managerial officers, and shareholders with shareholding percentage exceeding ten (10) percent	Number of Shares	Shares holding %	Percentage of Shares Pledged	Pledge (Redemption) Amount
N/A.								

Note 1: Fill the name of the Company's directors, supervisors, managerial officers and shareholders with shareholding percentage exceeding ten (10) percent.
Note 2: Fill in either "Pledged" or "Redeemed."

IX. Relationship Information, if among the Company's Top 10 Shareholders any one is a Related Party, Spouse or a Relative within the Second Degree of Kinship

April 1, 2023

Name (Note 1)	Shares held in own name		Shares held by spouse or minor children		Shares held in the name of other persons		Title or name and relationship of top 10 shareholders who are defined by the Statement of Financial Accounting Standard No. 6 to be related parties or each other's spouses and relatives within the second degree of kinship		Notes
	No. of shares	Shareholding Percentage (Note 2)	No. of shares	Shareholding Percentage (Note 2)	No. of shares	Shareholding percentage (Note 2)	Name	Relationship (Note 3)	
Union Polymer International Investment Corporation	146,263,260	36.79%	–	–	0	0%	China General Terminal & Distribution Corporation USIFE Investment Co., Ltd.	Same ultimate parent company as the Company	
Representative:Wu, Yi-Kuei	0	0%	–	–	0	0%			

Name (Note 1)	Shares held in own name		Shares held by spouse or minor children		Shares held in the name of other persons		Title or name and relationship of top 10 shareholders who are defined by the Statement of Financial Accounting Standard No. 6 to be related parties or each other's spouses and relatives within the second degree of kinship		Notes
	No. of shares	Shareholding Percentage (Note 2)	No. of shares	Shareholding Percentage (Note 2)	No. of shares	Shareholding percentage (Note 2)	Name	Relationship (Note 3)	
Taiwan Union International Investment Corporation	8,854,995	2.23%	—	—	0	0%	None	None	
Representative:Ko, I-Shao	0	0%	0	0%	0	0%	China General Terminal & Distribution Corporation	Director	
China General Terminal & Distribution Corporation	2,278,217	0.57%	—	—			Union Polymer International Investment Corporation USIFE Investment Co., Ltd.	Same ultimate parent company as the Company	
Representative: Hung-Chiang Chang	0	0%	0	0%	0	0%	None	None	
Chien Shing Stainless Steel	2,107,000	0.53%	—	—					
Representative: YE,SHUO-TANG	No information has been provided by the shareholder								
CITIBANK TAIWAN was entrusted with the account of Emerging Market Core Securities Portfolio of DFA Investment Group	1,807,792	0.45%	—	—					
Lin, Tse-Tian	1,725,900	0.43%	396,050	0.1%	0	0%	None	None	
USIFE Investment Co., Ltd.	1,415,368	0.36%	—	—	0	0%	Union Polymer	Same ultimate	

Name (Note 1)	Shares held in own name		Shares held by spouse or minor children		Shares held in the name of other persons		Title or name and relationship of top 10 shareholders who are defined by the Statement of Financial Accounting Standard No. 6 to be related parties or each other's spouses and relatives within the second degree of kinship		Notes
	No. of shares	Shareholding Percentage (Note 2)	No. of shares	Shareholding Percentage (Note 2)	No. of shares	Shareholding percentage (Note 2)	Name	Relationship (Note 3)	
							International Investment Corporation China General Terminal & Distribution Corporation	parent company as the Company	
Representative:Wu, Yi-Kuei	0	0%	–	–	0	0%			
Huang, Kuo-Hsing	1,350,000	0.34%	0	0%	0	0%	None	None	
The new labor pension fund had entrusted Fubon Investment account for the second time in 2020	1,341,410	0.34%	–	–			None	None	
CITIBANK TAIWAN was entrusted with the account of emerging market small fund investment for the sub-funds of DFA Investment Trust Company	948,828	0.24%	–	–					

Note 1: All the top ten shareholders shall be listed (names of corporate shareholders and their representatives shall be presented separately).

Note 2: Shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and others.

Note 3: Relationships between the aforementioned shareholders, including institutional and natural person shareholders shall be disclosed based on the financial reporting standards used by the issuer.

X. Number of Shares Held by the Company, Its Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Investment Companies in the Same Investment Companies, and the Combined Calculation of Shareholding Percentages

Dec. 31, 2022 Unit: Shares

Reinvestment Entities	Ownership by the Company		Investments by Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises		Total Ownership	
	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held	Number of Shares	Percentage of Shares Held
TAITA(BVI) Holding Co., Ltd.	89,738,000	100.00%	0	0.00%	89,738,000	100.00%
China General Plastics Corporation	11,516,174	1.98%	145,629,958	25.06%	157,146,132	27.04%
China General Terminal & Distribution Corporation	23,892,871	33.33%	0	0.00%	23,892,871	33.33%
Acme Electronics Corporation	4,445,019	2.43%	1,256,284	0.69%	5,701,303	3.12%

Note: Invested by the Company using the equity method

Chapter 4. Funding Status

I. Capital and Shares

(I) Sources of share capital

Year and Month	Issued Price	Authorized share capital		Paid-in share capital		Notes		
		Number of Shares	Amount (NT$)	Number of Shares	Amount (NT$)	Source of capital stock (NT$)	Capital Increased by Assets Other than Cash	Others
2022.8	10	400,000,000 shares	NT$4,000,000,000	397,586,848 shares	NT$3,975,868,480	Capitalization of earnings of NT$189,327,070 (Note)	None	None

(Note) Approved with document No. J.S.S.Z. 11101161590 dated August 26, 2022.

Note 1: Fill information for the current fiscal year as of the publication date of this annual report.
Note 2: For any capital increase, the effective (approval) date and the document number shall be added.
Note 3: Shares issued for less than par value shall be indicated in a conspicuous manner.
Note 4: Capital increase by currency debts or technology shall be stated and the type and amount of assets involved in such capital increase shall be noted.
Note 5: Private placement of corporate bonds shall be indicated in a clear manner.

Type of Shares	Authorized share capital			Notes
	Outstanding Shares (Note)	Unissued Shares	Total	
Registered common stocks	397,586,848 shares issued	2,413,152 share	400,000,000 share	-

Note: Please indicate whether the shares are issued by a company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEx) (Shares of which trading is restricted on the TWSE or those which are traded on the TPEx should be noted).

Information on shelf registration: not applicable

(II) Shareholder Structure

April 1, 2023

Shareholder Structure / Quantity	Government institutions	Financial Institutions	Other legal persons	Individual	Foreign Institutions and Natural Persons	Total
Number of Shareholders	1	0	229	67,004	90	67,324
Number of Shares Held	447,178	0	167,420,505	219,779,886	9,939,279	397,586,848
Percentage of Shares Held	0.11 %	0	42.11 %	55.28 %	2.50 %	100.00%

Note: Companies primarily listed on the TWSE or the TPEx shall disclose the proportion of their shares held by investors from Mainland China. Investors from Mainland China refer to natural persons, corporations, organizations, other institutions or companies invested in areas other than Taiwan and Mainland China as defined in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

(III) Distribution of Equity Ownership

April 1, 2023

Shareholding Range	Number of Shareholders	Number of Shares Held	Percentage of Shares Held
1 to 999	32,942	4,129,828	1.04 %
1,000 to 5,000	24,433	52,358,321	13.18 %
5,001 to 10,000	4,976	33,963,212	8.54 %
10,001 to 15,000	2,307	27,201,888	6.84 %
15,001 to 20,000	726	12,541,898	3.15 %
20,001 to 30,000	925	21,946,908	5.52 %
30,001 to 40,000	336	11,520,009	2.90 %
40,001 to 50,000	191	8,523,813	2.14 %
50,001 to 100,000	306	20,479,862	5.15 %
100,001 to 200,000	115	16,009,943	4.03 %
200,001 to 400,000	40	10,786,426	2.71 %
400,001 to 600,000	10	4,864,491	1.22 %
600,001 to 800,000	5	3,531,185	0.89 %
800,001 to 1,000,000	3	2,585,122	0.65 %
More than 1,000,001, grading according to the actual situation	9	167,143,942	42.04 %
Total	67,324	397,586,848	100.00 %

(IV) List of Major Shareholders

April 1, 2023

Shares / Major Name of Shareholders	No. of Shares Held	Percentage of Shares Held
Union Polymer International Investment Corporation	146,263,260	36.79%
Taiwan Union International Investment Corporation	8,854,995	2.23%
China General Terminal & Distribution Corporation	2,278,217	0.57%
Chien Shing Stainless Steel	2,107,000	0.53%
CITIBANK TAIWAN was entrusted with the account of Emerging Market Core Securities Portfolio of DFA Investment Group	1,807,792	0.45%
Lin, Tse-Tian	1,725,900	0.43%
USIFE Investment Co., Ltd.	1,415,368	0.36%
Huang, Kuo-Hsing	1,350,000	0.34%
The new labor pension fund had entrusted Fubon Investment account for the second time in 2020	1,341,410	0.34%
CITIBANK TAIWAN was entrusted with the account of emerging market small fund investment for the sub-funds of DFA Investment Trust Company	948,828	0.24%

(V) Market Price, Net Asset Value Per Share (NAVPS), Earnings Per Share (EPS), Dividends Per Share (DPS) and Related Information in the Most Recent Two Fiscal Years

Unit: Share/NTD

Item	Year	2022	2021	Current year up to March 31, 2023
Market Price Per Share (Note 1)	Maximum	35.60	54.90	23.75
	Minimum	18.75	28.85	21.00
	Average	26.53	41.70	22.49
Net Value Per Share (Note 2)	Before distribution	18.12	20.23	18.15
	After distribution	17.62	18.23	*
Earnings (loss)	Weighted Average Shares	397,586,848	378,654,141	397,586,848

<table>
<tr><th colspan="3">Item \ Year</th><th>2022</th><th>2021</th><th>Current year up to March 31, 2023</th></tr>
<tr><td rowspan="2">per share</td><td colspan="2">Before Adjustment</td><td>1.04</td><td>4.89</td><td>(0.18)</td></tr>
<tr><td colspan="2">After adjustment (Note 3)</td><td>*</td><td>4.65</td><td>*</td></tr>
<tr><td rowspan="4">Dividend Per Share (DPS)</td><td colspan="2">Cash dividends</td><td>0.5*</td><td>2</td><td>-</td></tr>
<tr><td rowspan="2">Stock Dividends</td><td>Stock dividends from retained earnings</td><td>0</td><td>1</td><td>-</td></tr>
<tr><td>Stock dividends from capital reserve</td><td>0</td><td>0</td><td>-</td></tr>
<tr><td colspan="2">Accumulated unpaid dividends (Note 4)</td><td>0</td><td>0</td><td>-</td></tr>
<tr><td rowspan="3">Return on Investments</td><td colspan="2">Price/earnings ratio (Note 5)</td><td>25.80*</td><td>8.42</td><td>-</td></tr>
<tr><td colspan="2">Price/dividend ratio (Note 6)</td><td>53.66*</td><td>19.59</td><td>-</td></tr>
<tr><td colspan="2">Yield on cash dividend (Note 7)</td><td>1.86%*</td><td>5.11%</td><td>-</td></tr>
</table>

* The Board of Directors resolved to distribute dividends, which is yet to be approved in the shareholders' meeting.

* If any revenue or capital surplus is transferred to capital increase or common stock, disclose the information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Board Meeting or Shareholders' Meeting in the subsequent fiscal year.

Note 3: If there was any retroactive adjustment required due to stock dividends, earnings per share before and after such adjustment shall be listed.

Note 4: If there was any condition regarding the issuance of equity securities stating that undistributed dividends for the current fiscal year has to be accumulated till the year when a profit is recorded, the Company shall separately disclose cumulative undistributed dividends as of the current fiscal year.

Note 5: Price/earnings ratio = Average closing price per share for the year / Earnings per share after adjustment.

Note 6: Price/dividend ratio = Average closing price per share for the current fiscal year/cash dividend per share.

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

Note 8: For net asset value per share and earnings per share, data from the most recent quarter that has been verified (reviewed) by CPAs as of the publication date of this annual report shall be filled. For other fields in this column, data from the current fiscal year as of the publication date of this annual report shall be filled.

(VI) Dividend Policy and Its Implementation

1. Dividend policy set forth in the Company's Articles of Association:

   If the Company records net income after tax (NIAT) as indicated in its final annual accounts for the year, it can use it to cover any accumulated losses in previous years. If there is a balance remaining, ten percent of it shall be set aside as legal reserve, while the rest shall be considered as distributable profit. This distributable profit shall then be combined with the undistributed earnings accumulated over the previous years. Part of this combined amount shall be considered as or transferred to special reserve as required by the law or the authority in charge, and the balance shall be treated as accumulated distributable profit. The Board of Directors shall propose a profit distribution plan which is then submitted to the shareholders' meetings for approval. The meeting may retain all or part of it based on the business performance of the Company.

   According to the Company's Articles of Incorporation, R&D requirements and business diversification are considered when allocating dividends as the Company's industry is at a maturity stage. Dividends paid to shareholders shall not be less that ten (10) percent of distributable profit in the current fiscal year and cash dividends shall not be less than ten (10) percent of the total dividends. However, dividends may be stopped if the distributable profit per share in the current fiscal year is less than NT$ 0.1.

2. Distribution of dividends proposed at the most recent Shareholders' Meeting

   The cash dividend per share was NT$0.5.

3. Any expected material changes to the dividend policy should further be explained:

   N/A.

(VII) The impacts of issuing stock grants in this Shareholder’s Meeting on the Company’s operational performance and dividend per share:

The Company did not formulate a financial forecast for 2023 and is therefore not required to disclose forecast information.

Item \ Year			2023 (forecast)
Beginning paid-in capital			NT$3,975,868,480
Distribution of stock and cash dividends in the current fiscal year	Cash dividends per share		NT$0.5
	Surplus to capital increase stock dividend per share		0 share
	Number of shares distributed per share held due to capital increase from capital reserve		0 share
Changes in Operating Performance	Operating profits		
	Ratio of increase (decrease) in operating profit over the same period last year		
	Net income after taxes (NIAT)		
	Ratio of increase (decrease) in NIAT over the same period last year		
	Earnings (loss) per share		
	Ratio of increase (decrease) in EPS over the same period last year		
	Annual average return on investment (reciprocal of average annual price/earnings ratio)		
Pro forma earnings per share and price/earnings Ratio	If capital increase from surplus earnings is entirely replaced by distribution of cash dividends	Pro forma earnings per share	
		Pro-forma average annual return on investment	
	If capital reserves is not used for capital increase	Pro forma earnings per share	
		Pro-forma average annual return on investment	
	If capital reserves is not used for capital increase and capital increase by retained earnings is replaced by cash dividend distribution	Pro forma earnings per share	
		Pro-forma average annual return on investment	

1. The Company shall explain the basic assumptions for estimates and planned information.
2. Proforma earnings per share if capital increase by retained earnings is entirely replaced by cash dividend distribution.
   = [Net profit after taxes - interest expense arising from cash dividends* x (1 - tax rate)]/ [Total number of shares issued at the end of the current year - number of shares allocated from earnings**]

Interest expenses arising from cash dividends* = Amount of capital increase from surplus earnings x one-year general loan interest rate.
Number of shares in earnings appropriation**: The number of increased shares from the earnings appropriation in the previous year

3. Annual average price-to-earnings ratio = Annual average market price per share/Earnings per Share reported in the annual financial statements

(VIII) Remuneration for Employees, Directors, and Supervisors:

1. Quantity or scope of compensation for employees, directors, and supervisors as prescribed by the articles of association

(1) Employee remuneration percentage or range: Employee remuneration shall not be less than 1% of the profit of the current year.

(2) Percentage or scope of rewards for directors: the rewards of directors shall not be more than 1% of the profit for the year.

2. Basis for estimating the amount of compensation to be distributed to employees, Directors and Supervisors, basis for calculating the number of shares to be distributed as employee rewards and accounting treatment for discrepancies between the actual and estimated amount of rewards to be distributed for this period:

(1) Basis of estimation: The Company's rewards for employees shall be not lower than 1% of profit of the current year and the rewards of directors shall be not higher than 1% of the profit of the current year. However, if there are still accumulated losses, the amount to be compensated should be retained in advance.

(2) Changes in account processing: If changes are made to the estimated amount after the issuance of annual financial statements, the changes be accounted for as changes in accounting estimates and considered in the financial statements of the following year.

3. The Board of Directors approved the distribution of rewards
   (1) Number, reason and disposition of the difference between the rewards of employees and the rewards of directors and supervisors distributed in cash or stock and the annual estimated amount of the recognized expenses:
      a. Rewards to employees and directors: NT$5,524 thousand.
      b. Discrepancy between the amount and the estimate for the year: None
      c. Reason for the difference with the estimate: Not applicable.
      d. Disposition: Not applicable.
   (2) The amount of rewards of employees distributed in stocks and the amount as a percentage of net income stated in the consolidated and parent company only financial statements for the current period and total employee rewards: N/A.
4. Where there is any discrepancy between the actual amount of rewards distributed to employees, directors and supervisors (including number and amount of shares distributed, as well as share price) and the recognized amount of rewards for employees, directors and supervisors in the previous fiscal year, the amount, causes and treatment of such discrepancies shall be stated:
   (1) Rewards to employees and directors: NT$23,534 thousand.
   (2) for the year: None.
   (3) Reason for the differences: Not applicable.
   (4) Disposition: Not applicable.

(IX) Stock repurchases: Not applicable.

II. Issuance of Corporate Bonds

(I) Corporate Bonds: None.

(II) Information regarding the Conversion of Corporate Bonds: None.

(III) Information regarding Corporate Bond Swap: None.

(IV) Information regarding Shelf Registration for Corporate Bonds: None.

(V) Information regarding Equity Warrant Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depository Receipts: None.

V. Issuance of employees' stock option certificate and new restricted employee shares: None

VI. Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

VII. Implementation of Capital Utilization Plan

(I) Content:

As of the quarter prior to the publication date of this annual report, the Company has no securities issuance that was incomplete or completed over the past three years but not fully yielded the planned benefits.

(II) Implementation status: Not applicable.

Chapter 5. Operational Overview

I. Business Activities

(I) Business scope:

1. Principal business activities and revenue distribution
   - (1) Production and sales of polystyrene (GPS) resins and foaming polystyrene (EPS) resins
   - (2) Production and sales of acrylonitrile-butadiene-styrene copolymer resin (ABS)
   - (3) Production and sale of styrene-acrylonitrile (SAN) resin.
   - (4) Manufacture and sales of plastic raw materials and processed products
   - (5) Manufacture and sell glass wool and related products
   - (6) Production and sales of cubic printing and related products
   - (7) E303020 noise and vibration control engineering
   - (8) E801010 interior decoration

Main Products	Percentage
1. Expandable polystyrene (EPS)	46.40%
2. Acrylonitrile-butadiene-styrene copolymer resin (ABS)	26.10%
3. General purpose polystyrene (GPS)	24.50%
4. Glasswool products	2.89%
5. Cubic printing	0.08%
6. Impact-resistant polystyrene (IPS)	0.03%

2. New products planned for development
   - (1) Development of a monomer high gloss material with low residual for acrylonitrile-butadiene-styrene polymer (ABS) low residual monomer high optical material.

(2) Development of a heat-resistant material for acrylonitrile-butadiene-styrene polymer (ABS).
(3) Development of rapid shaping expandable polystyrene (EPS) material.

(II) Industry Overview

1. Current State and Development of the Industry

There are four manufacturers of ABS/GPS/EPS in Taiwan. The domestic demand of ABS/GPS/EPS only accounts for 15% of the annual output of each product. The rest needs to be maintained by export sales. In response to the trade competition between the United States and China, downstream processing plants have gradually transferred from mainland China to Southeast Asia and other countries, while the Middle East, Africa, Central and South America become emerging markets with more potential for growth in demand.

There are many EPS producers in mainland China, and the total production capacity is far greater than the demand. According to the statistical data of 2022, the annual production capacity of EPS in mainland China is about 7.7 million tons, and the operating rate is only about 50%. Demand for EPS in mainland China is generally from four major areas based on application - packaging for electrical appliances, boxes for vegetables and fruits, ceramic packaging and building slabs. Among them, packaging for electrical appliances and building slabs are the main products. Based on the market distribution, demand for EPS is mainly concentrated in South China (Guangdong), East China (Jiangsu and Zhejiang), North China (Shanxi, Hebei and Shandong), and Northeast China (Heilongjiang, Jilin and Liaoning). Demand in the South and East China regions is mainly for packaging of electrical appliances, while that in the North and Northeast China regions is concentrated on building slabs. With advancements in the Chinese government's policy for expanding the domestic market, the electrical appliance production sites in the South China and Eastern China regions have gradually relocated inland along the Yangtze river basin. The transfer is exemplified in the emerging appliance manufacturing bases in Hefei, Wuhan, Chongqing, and Chengdu. Demand in the North China and Northeast China regions, which has been affected by the severe overcapacity, has led to fierce competition in the regional market. Moreover, the increasingly stringent environmental protection policies in China have led to early closure or relocation of some EPS molding plants.

2. Upstream, midstream and downstream correlation

Among main styrene products, the primary raw material GPS/ EPS styrene monomer (SM), while that for ABS includes SM, acrylonitrile (AN) and butadiene (BD).

SM: SM producers in Taiwan include Taiwan Styrene Monomer Corporation, Formosa Chemicals & Fibre Corporation, and Grand Pacific Petrochemical Corporation. They have a combined output of approximately 2 million MT, which is sufficient for total domestic demand of approximately 1.85 million tons (MT). SM is traded in large quantities in international trade, and the transportation conditions are more convenient. Therefore, it is relatively easy to obtain. In addition to making purchases from domestic sources, some of the SM required in Taiwan is purchased from foreign sources on a spot basis. The total annual production capacity of SM producers in Mainland China is currently about 14.08 million MT. There have been expansions and new plants since 2020, resulting in an oversupply, and therefore SM producers in Mainland China seek to export SMs. The main raw material of EPS, SM, for the Company's Zhongshan plant is obtained mainly from domestic SM plants in mainland China.

AN: AN producers in Taiwan include China Petrochemical Development Corporation and Formosa Chemicals & Fibre Corporation. They have a combined output of approximately 500,000 MT, which is sufficient for all domestic demand, which is approximately 380,000 MT in Taiwan. AN is toxic and its transportation is governed by numerous regulations and restrictions. It is therefore less favorable for long-distance transportation. The Company mainly obtained AN from domestic sources.

BD: BD producers in Taiwan include CPC Corporation and Formosa Chemicals & Fibre Corporation. They have a combined output of approximately 600,000 MT, which equals the overall domestic demand of 600,000 MT. However, companies sometimes import the product during annual maintenance shutdowns. The main users of this product are the rubber industry and ABS production plants. The Company obtained most of BD from domestic sources.

The upstream materials for ABS/GPS/EPS are crude oil derivatives and prices usually fluctuate along with fluctuations in oil prices. Reference prices of raw materials for SM/AN/BD are available globally for buyers and sellers.

Downstream customers are mainly small and medium enterprises with a generally low processing scale. The design of molds and craftsmanship also differ based on product design provided by final customers. ABS/GPS/EPS manufacturers shall provide technical services and material recommendations to meet the needs and product requirements of downstream customers.

3. Various product trends

   ABS products are mainly supplied to downstream for processing IT devices, household appliances, household necessities, toys, tool machines, safety hats, battery cases, etc. Among these products, ABS used in manufacturing IT products accounts for a considerable market share in Taiwan, while materials used to manufacture other products are distributed overseas to vendors in Mainland China or Southeast Asia. Affected by the rise in global inflation, ABS showed a significant reduction in market demand in 2022; In addition, with the increase of new capacity in 2023, the market will face a greater threat.

   The GPS market grew steadily due to the demand for downstream food packaging and disposable tableware. However, the continuous increase of production capacity in China will have an impact on GPS sales.

   EPS is mainly used for packaging, fishing containers and construction purposes. It is also affected by rising global interest rates and the continued increase of EPS capacity in mainland China. The market competition will become more fierce in the future.

4. Competition

   ABS resin are widely used in automotive engineering, electronics, electrical appliances, equipment and building materials, due to the product's synthesized feature of resistance to impact, heat, low temperature, and chemical erosion, in addition to its modability and surface gloss. It is a type of polymer material between general-purpose plastic and engineering plastic. In mainland China, the downstream consumption of ABS is mainly concentrated in the household appliance industry, accounting for 60% of the total market share. Among all the applications, air conditioners, vacuum cleaner, refrigerator and laundry machines incur the most demand for ABS.

In 2022, due to the war between Russia and Ukraine and rising interest rates, the demand for consumer electronics in Europe and the U.S. decreased significantly in the second half of the year, resulting in a sharp decline in global ABS production rates. Also, affected by the inflationary factors, the overall sales volume of TTC's ABS products decreased by 24% compared to 2021.

The market will become more competitive in the future as new production capacity in mainland China continues to increase.

GPS is widely used plastic whose market value mainly fluctuates with the price of its raw material, SM. Due to the advantage of vertical integration, Taiwan's largest GPS manufacturer, Formosa Chemicals & Fibre Corporation, has a lower GPS production cost than other manufacturers, and thus it can easily dominate the market. Other manufacturers in Taiwan (including TTC) purchase SM to produce GPS, SM prices have a greater impact on their competitive ability. The Company is the only manufacturer in Asia who adopts NOVA manufacturing technology in the production of GPS. Featuring the character of low free monomer, the quality of the Company's product is competitive in the market and is mainly distributed in Taiwan, Southeast Asia and mainland China. The main markets for GPS are disposable tableware and food packaging materials, which are markets with steady growth in demand, except for the second half of 2022 when demand declined slightly due to global inflation and rising interest rates. However, GPS still has a stable spread. TTC continues to develop markets other than mainland China and Hong Kong to maximize production and sales and ensure profit improvement. The future market competition will continue to focus on the impact of new GPS production capacity in mainland China.

Due to the successive relocation of large EPS processing plants from Taiwan, the demand for EPS as packaging material has shrunk significantly in Taiwan. In addition, because Taiwan is located in the subtropical zone and rarely uses EPS as a thermal insulation material in building, so about 90% of the current 4 EPS manufacturers' capacity in Taiwan rely on export. TTC's former EPS plant continued to develop markets outside of mainland China and Hong Kong and achieved results. Although demand declined in 2022 due to inflation, sales in 2022 were still comparable to 2021.

(III) Technology and R&D Overview

1. Research and development (R&D) expenses in the most recent fiscal year up to the publication date of this annual report
   The Company's R&D expenses in 2022 were NT$15,312 thousand and the R&D expenses from January to March 2023 was NT$3,733 thousand.
2. Technology or product developed
   2.1 Expandable polystyrene (EPS)
      2.1.1. EPS is improved in particle size concentration, increasing the produced particle size demanded by sales and production efficiency.
      2.1.2. Rapid prototyping expandable polystyrene (EPS) Rapid quality improvement with stable sales of 1,780MT in 2022.
   2.2 Acrylonitrile-butadiene-styrene (ABS)
      2.2.1. ABS is optimized in general grade ABS formula to reduce consumption of rubber.
   2.3 Improvement of ABS / GPS / EPS manufacturing processes

Year	2022	2021	2020	2019	Total
Electricity savings (kWh)	1,957,989	708,555	424,537	476,554	3,567,635
Electricity consumption (kWh)	123,453,400	82,315,600	80,993,597	77,713,440	364,476,037
Electricity saving ratio (%)	1.59	0.86	0.52	0.61	3.58

Remarks: The central government's policy requires 10% electricity savings from 2015 to 2024 and we have currently achieved approximately 8.94%

(IV) Long-term and short-term business development plans

1. Short-term business development plan

(1) All ABS produced are sold, continuing to increase the proportion of direct customers and develop markets outside of mainland China and Hong Kong.

(2) After the introduction of the Toyo SAN manufacturing process in the production of ABS, the background color and quality of ABS have been improved. In the future, we will actively take such advantage to expand our market applications.

(3) In terms of GPS product, TTC also needs to continue to develop the market outside of mainland China and Hong Kong, and at the same time to take advantage of the quality of the NOVA process to seek continued growth opportunities in the food packaging market.

(4) In terms of EPS product, Qianzhen Plant still needs to increase its global sales layout to ensure full sale of production.

(5) The Company will realize the integrated supply chain management to maximize production and sales and maintain the inventory of raw materials and finished products at a low level.

(6) It will strengthen business development ability, develop market with low market share and product market application, expand sales base customer group and stabilize market sales.

(7) The Company will enhance functionality and flexible organization. Besides, the Company will actively expand overseas sales and develop markets in emerging and developing countries in particular.

(8) The main development targets for EPS in mainland China is in South China:

a. The Company will continue to improve and stabilize the quality of rapid materials and ultra-light materials volume and expand market sales.

b. The Company will continue to strengthen core markets (in Yunnan and Guangdong Provinces) and develop markets in Guangxi, Fujian, Hubei and other regions.

c. The Company will leverage the complementarity of market demands to balance sales volume, continue to increase and expand technical service capabilities and scope for customers to increase customer loyalty.

d. The Company will improve the pellet concentration to meet the market sales needs.

2. Long-term business development plans

(1) The Company will collect information on trends in the selection of materials and develop suitable products and materials.

(2) With the improvement of physical properties of its products, the Company will increase market share in the "high-quality, high-priced" market segment.

(3) The Company will keep increasing its market share in overseas emerging markets.

II. Overview of Market, Production and Sales:

(I) Market Analysis

1. Sales regions and market share of main products

Products made in Taiwan are mainly exported, approximately 90% of the Company's total sales, in which mainland China and Hong Kong are the two largest markets for the Company, but sales are gradually increasing in other regions such as

Southeast Asia/South Asia/Central and South America/North America/Egypt. The expansion of and the increase of sales proportion in overseas market will help to achieve the purpose of diversifying the market and risk.

The Company's product sales destinations in 2022 were:

(1) ABS/PS products

Mainland China and Hong Kong	28%
Northeast Asia/Southeast Asia/South Asia and Central Asia	24%
American market	17%
Other markets	22%
Domestic market	9%

(2) Glass wool products

Domestic market	65%
Australia	21%
New Zealand	9%
Other regions (including Southeast Asia)	5%

The sales ratio of the mainland subsidiary Zhongshan Plant in 2022 by region was as follows:

Sales Region	Province	Sales ratio
Greater China	Guangdong	60%
	Yunnan	17%
	Hunan & Hubei	9%
	Fujian	8%
	Anhui	2%
	Guangxi	2%
	Sichuan	1%
	Others	1%

2. Market supply and demand and market growth in the future

(1) ABS/PS products

ABS: The demand for consumer electronics in Europe and the U.S. declined significantly in 2022 due to the impact of inflation. In 2023, we need to continue to pay attention to the impact of inflation and other factors on the market, and the market competition will become increasingly fierce due to the estimated 3 million tons of new ABS production capacity in mainland China in 2023. TTC's strategy will continue to develop high-profit direct customers, and develop markets outside mainland China and Hong Kong to achieve the strategic goal of full sales of production, in order to ensure operating performance.

GPS: Due to the epidemic driving the consumption of disposable tableware, GPS market demand is expected to continue to increase. It is estimated that about 3 million tons of new PS production capacity will be put into the market in mainland China in 2023. Therefore, TTC will still actively develop markets outside mainland China and Hong Kong to cope with the situation, and maintain sales of full production to ensure operating performance.

EPS: EPS mainland China is still in oversupply, and it is estimated that about 1.6 million tons of new capacity will be put into operation in China in 2023.Looking ahead to 2023, sea freight rates have gradually returned to pre-epidemic levels, and new markets/new customers have been developed, such as Southeast Asia, Egypt, Central and South America, etc. TTC's strategy is to achieve full sales of production of EPS to improve operational performance.

(2) EPS in mainland China

There are four major EPS manufacturers in South China. In November 2020, it put into operation new production capacity of 300,000 tons in Zhuhai, which increased the production capacity in South China to about 1.2 million tons. TTC Zhongshan Plant takes advantage of the quality of ordinary materials (301) and fast materials (391), and continues to improve the quality of extra-light materials (381) to strengthen our competition in the main market of electric appliance packaging and plate market; in addition, it improves the production granularity concentration, increases the output ratio of products with effective specifications, reduces the production of slack materials, strengthens the production efficiency.

In order to achieve the goal of sustainable development, we are also actively promoting the establishment of a new 200,000-ton plant at TTC's Gulei Plant.

(3) Glass wool products

The domestic market of glass wool grew by 10% in 2022, and the import volume accounted for about 7% of the overall market. India and South Korea were the main import countries, accounting for 92% and 6% of the import volume, respectively. It is estimated that the domestic demand market in 2023 will grow by 1% compared with 2022.

In addition, the export market in Southeast Asia is highly competitive and the unit price is low. The sales focus will be on New Zealand, Australia and other markets with high unit price. At present, the sales in New Zealand and Australia are stable, and other market opportunities are continuously developed to actively improve the breadth and depth of the export market. The ratios of domestic and export sales are estimated to be 64% and 36% in 2023.

3. Competitive niches

   TTC focuses its operations on providing customers with satisfying service quality and creating value for shareholders. Our competitive advantages are:

   (1) Continue to maintain the business strategy of total production and sales and continue to optimize the customer mix to ensure operational performance. In addition, under the premise of full sale of production, effectively control the reasonable inventory of raw materials and finished products to avoid the impact on the Company's operating performance caused by sharp fluctuations in market prices.
   (2) Continuously strengthen development capabilities and effectively developing markets outside of mainland China and Hong Kong.
   (3) Continuous development of customized products.
   (4) Fast and timely customer service and regular customer visit plan, strengthen after-sales service, enhance product added value.

4. Favorable and unfavorable factors affecting the Company's development prospects and corresponding countermeasures

   (1) Favorable factors

   ◆ ABS/PS products

   a. Stable product quality, integrated R&D capability, strengthened customer service, management system in place, etc., helpful for customers to have confidence in our products.

b. The NOVA manufacturing process technology for GPS provides the quality advantage of heat-resistance and low-residual monomers.
c. The development of new EPS product has catapulted the Company to a leading position in the domestic market. The Company is the first to develop fire-rate anti-static products, which has gained it considerable reputation in the international market.
d. There is still space for domestic demand in the South China market to grow. Since the demand for EPS is still growing, this will bring benefit to the operation of the Company's Zhongshan plant.
e. Production capacity of SM, the main raw material, continues to increase in the Mainland China, which will promote TTC's bargaining power over raw material SM.

◆ Glass wool products

a. Leading brand with accepted quality.
b. High service quality effectively precludes competition from foreign products.
c. Solid marketing channels strengthen market development and competitiveness.
d. Glass wool is used as a filler in calcium silicate board partition systems. This application has been gradually accepted in the market.
e. The sales volume of gypsum board partition systems increases each year and the use of glass wool is expected to increase as well.
f. The conversion of CNS6532, the standard for non-combustibility testing, to CNS14705 has helped fiberglass ceilings pass the non-combustibility test.

g. In addition to the successful renewal of BRANZ certification in New Zealand Australia, the Company has also helped its New Zealand customers to successfully obtain the Environmental Choice New Zealand (ECNZ), an eco-friendly label, and became qualified to bid for New Zealand government projects.
h. The market for fire-retardant glass wool for roof and exterior walls has been growing steadily, where sales of such products in 2022 grew by 16% from 2021.
i. Regulations related to floor impact sound has been implemented in January, 2021. The new product Porter panel and glass wool sound insulation system for flooring has pass tests, thus facilitating new market development.
j. Value-added six-sided covered products have been newly developed.

(2) Unfavorable Factors

◆ ABS/PS products

a. The continuous investment in new production capacity in mainland China has led to a trend of overcapacity and fierce market competition.

   Response measures:

   - Enhance product quality and product added value, segment markets, and avoid market price competition.
   - Maximize capacity, reduce cost, as well as select and sell products with relatively good profit margin.
   - Analyze and keep abreast of the market development pulse, and develop emerging markets with potential outside of mainland China and Hong Kong.

b. The market of main raw material SM is volatile and unstable:

Response measures:

- Effectively realize integrated supply chain management
- Effectively reduce the inventory of raw materials and finished products, thereby lowering risks.

◆ Glass wool products

a. India's import cost is low and its products have passed the one-hour calcium silicate board fire test causing a major impact on the domestic market.

Response measures:

- Carry out special sales for imported specifications and consolidate distribution network.
- Strengthen project tracking and conduct direct sales.

b. Alternative products flood the market.

Response measures:

- Enhance project visits and control to prevent changes in glass wool materials.

c. Products from Mainland China have entered the Taiwanese market through imports via ad hoc application.

Response measures:

- Actively participate in related trade associations, maintain contact with the Industrial Development Bureau, and keep an eye on product trends in Mainland China at all times.

(II) Important use of the main products and production process

1. Important use of major products

(1) ABS resin: IT equipment, OA equipment, home appliances and electronic parts, consumer electronics, bathroom equipment, toys, automotive and machine components, heels, suitcases, everyday items, telephones, stationery, sports equipment, battery cases, safety helmets, and machine tools.

(2) SAN resin: External casing of blenders, powder boxes, coffee machine water tanks, transparent decorations, air conditioning axial fans, electric fan blades, stationery, and utensils, etc.

(3) GPS: Lighting equipment, stationery, home appliance parts, everyday items, diffusion plates, insulation boards, disposable tableware, food and pharmaceutical packaging materials, etc.

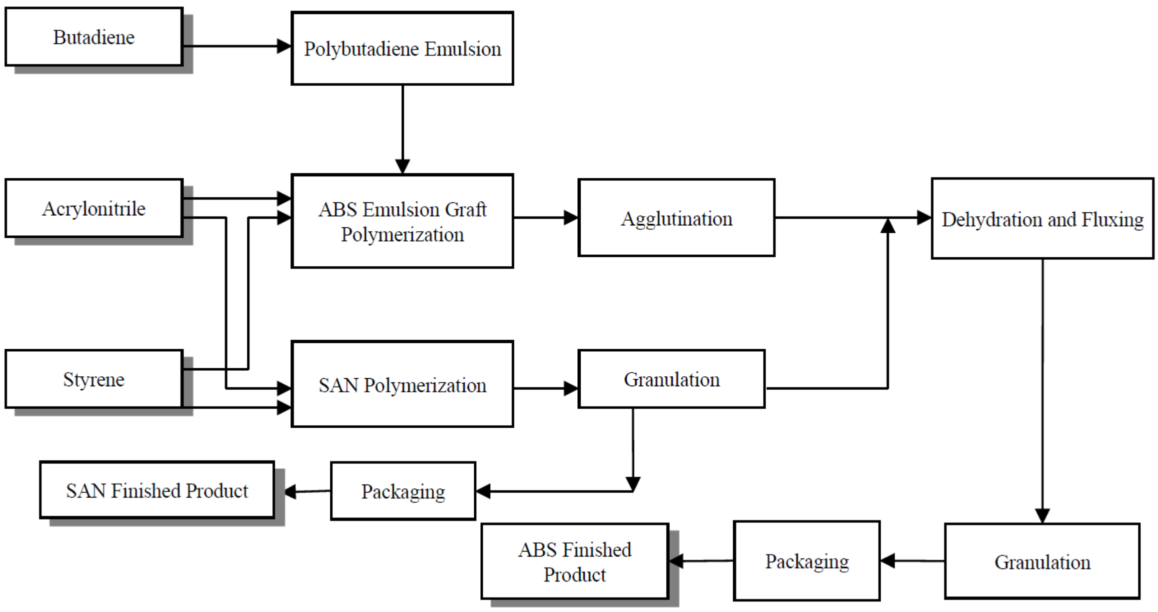
(4) EPS: Insulation boards for buildings, packaging materials, antistatic packaging materials, vegetable and fruit boxes, fishing boxes, insulation materials, slabs, and building insulation walls, and safety helmet cushion lining, etc.

(5) Glass wool: Cooling materials for air-conditioning ducts, metal roofs, insulation materials for walls, floor insulation materials, dry partitions filled with sound-absorbing insulation materials, ceilings for interior decoration, wall panels, insulation materials for the petrochemical industry, machinery and equipment, insulation and sound-absorbing materials for home appliances, vehicles, heat- and sound-insulating materials for ships and insulation materials for curtain walls.

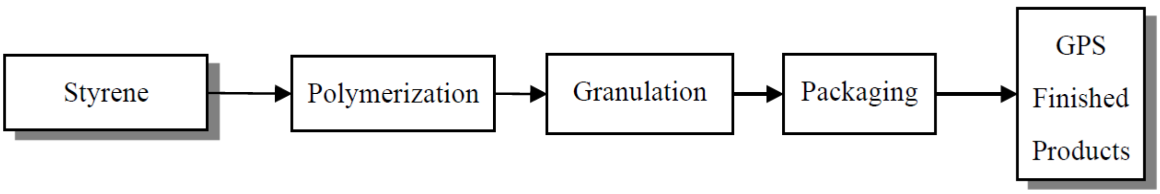
(6) Impact-resistant polystyrene: IT equipment, home appliances, toys, everyday items, stationery, electronic components and menstrual cups.

2. Production process of primary products

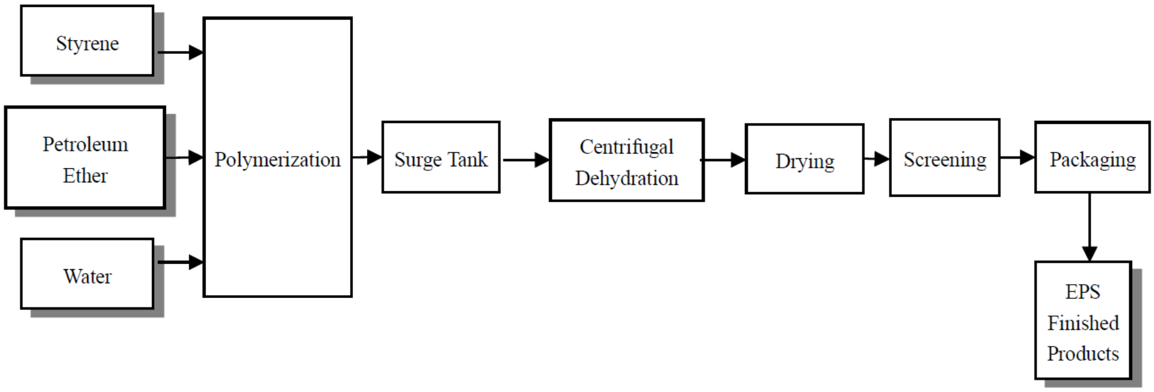
(1) Production process for styrene acrylonitrile-butadiene-styrene (ABS) and acrylonitrile-styrene copolymer resin (SAN)



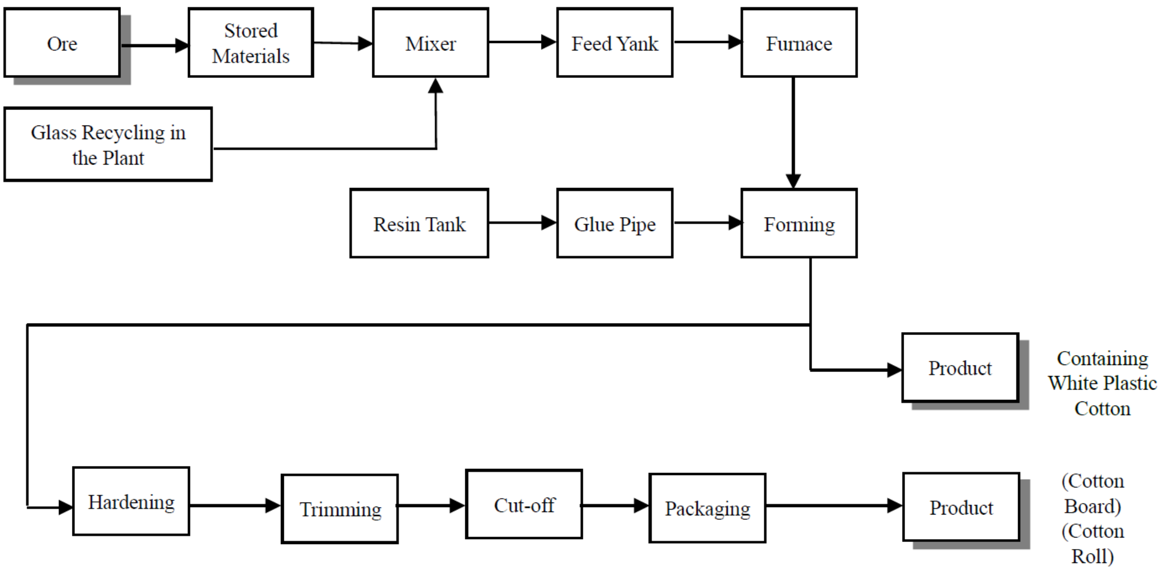
(2) Production process of GPS



(3) Production process of EPS



(4) Production process for glass wool products



(III) Supply of major raw materials:

1. Styrene monomer (SM)
   The supply and demand for styrene monomer (SM) is balanced. The Company continuously purchases SM from Taiwan Styrene Monomer Corporation, Formosa Chemicals & Fibre Corporation, China Petrochemical Development Corporation and Shell Petrochemicals Company Limited, and directly imports SM from the foreign supplier, SHELL

and SABIC, to balance the price risk. Thus, there is no risk of shortages.

2. Acrylonitrile (AN)
   The Company has signed a contract with SinoPec Chemical Commercial (Huanan) Holding Co., Ltd. with regard to the supply of this product. Besides, the Company also regularly purchases AN from Formosa Plastics Corporation, and imports AN from time to time according to supply and demand to increase dispatch flexibility. Hence, there is no concern regarding the shortage of supply for this material.
3. Butadiene (BD)
   The Company has signed a material supply agreement with CPC Corporation and Formosa Petrochemical Corporation. The Company imports BD from time to time according to market supply and demand to meet its own demand.
4. Pentane
   Pentane is mainly available in ready stock abroad. The usage of pentane is stable, and there is no issue regarding the shortage of supply for this material.
5. Glass quality sand
   Glass-quality sand is the main raw material for glass-wool products. As the unit price is low, it is procured from domestic sources. There are little changes in quantity and price, and thus we have full control over the material.

(IV) Name of customers who account for more than ten (10) percent of the total purchases (or sales) of goods and their amount and proportion of purchases (or sales) of goods in any one of the most recent two fiscal years, and reasons for the increase or decrease in purchases or sales of goods

1. List of suppliers with purchase amount exceeding 10% of total purchase, the purchase amount and proportion, and reasons for increase or decrease

Information on Major Suppliers in the Most Recent Two Years

Unit: NT$ thousands

	2022				2021				As of 1Q2023			
Item	Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with the Issuer	Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with the Issuer	Name	Amount	Percentage to net purchase in the year up to the previous quarter (%)	Relationship with the Issuer
1	Formosa Chemicals & Fibre Corporation	4,345,378	30.02	None	Formosa Chemicals & Fibre Corporation	3,309,138	19.20	None	Formosa Chemicals & Fibre Corporation	1,239,235	35.95	None
2	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	2,508,120	17.33	None	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	2,361,921	13.70	None	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd.	663,222	19.24	None
3	Taiwan Styrene Monomer Corporation	2,411,800	16.66	None	Taiwan Styrene Monomer Corporation	2,302,837	13.36	None	Taiwan Styrene Monomer Corporation	369,304	10.71	None
4	CNOOC and Shell	1,804,417	12.47	None	CNOOC and Shell	1,374,957	7.98	None	CNOOC and Shell	336,292	9.76	
5	Others	3,403,979	23.52	Note 3	Others	7,888,524	45.76	Note 3	Others	838,936	24.34	Note 3
	Net purchase	14,473,694	100.00	-	Net purchase	17,237,377	100.00	-	Net purchase	3,446,989	100.00	-

Note 1: List the name of suppliers who account for more than 10% of the total purchases of goods and their amount and proportion of purchase of goods in the most recent two years. However, if the name of suppliers or counterparties who are individuals or non-related parties cannot be revealed due to contractual agreements, their code shall be indicated.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: The purchases of goods from other suppliers did not reach 10% of the total purchases of goods. In 2022, the amount of purchases of goods from related parties was NT$2,546 thousand, accounting for 0.02% of the total purchases of goods. In 2021, the amount of purchases of goods from related parties was NT$3,259 thousand, accounting for 0.02% of the total purchases of goods. In 1Q2023, the amount of purchases of goods from related parties was NT$2,345 thousand, accounting for 0.07% of the total purchases of goods.

2. List of customers with sales amount exceeding 10% of total sales, the sales amount and proportion, and reasons for increase or decrease:

Information of major customers for the last 2 years

Unit: NT$ thousands

	2022				2021				As of 1Q2023			
Item	Name	Amount	Proportion to Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Proportion to Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage to net sales in the year up to the previous quarter (%)	Relationship with the Issuer
	Others	18,083,799	100.00	Note 3	Others	20,771,165	100.00	Note 3	Others	3,575,071	100.00	Note 3
	Net sales	18,083,799	100.00	-	Net sales	20,771,165	100.00	-	Net sales	3,575,071	100.00	-

Note 1: List the names of suppliers with more than 10% of the total sales amount in the most recent 2 fiscal years, as well as the purchase amount and proportion. However, if it is not allowed to disclose the names of suppliers or trading partners as individuals and non related parties due to contractual agreements, it can be coded as such.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: The individual sales amount of other manufacturers was less than 10%, among which the sales amount of related parties as a percentage of the net sales of the whole year was NT14,065 (0.08%) in 2022, NT4,576 Yuan (0.02%) in 2021, and no sales to affiliates in 1Q2023.

(V) Production volume and value in the most recent two fiscal years

Quantity: Tons

Amount: NT$ thousands

Year / Production volume / Main Product	2022			2021		
	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
ABS	100,000	91,106	4,359,980	100,000	123,143	5,736,633
GPS	100,000	92,937	3,572,925	100,000	96,749	3,406,914
EPS	380,000	190,442	7,781,299	380,000	217,814	8,331,956
Subtotal	580,000	374,485	15,714,204	580,000	437,706	17,475,503
Glass wool products	8,600	9,116	318,884	8,600	8,724	277,944
Cubic printing (Note)	50,000	12,288	11,590	200,000	48,128	41,954
Total	-	-	16,044,678	-	-	17,795,401

Note: Cubic printing measurement unit: jig.

(VI) Sales volume in the most recent two years

Quantity: Tons

Amount: NT$ thousands

2022						
Product Category	Domestic sales		Exports		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
ABS	9,244	487,509	82,696	4,231,853	91,940	4,719,362
GPS	9,586	413,988	83,178	4,017,017	92,764	4,431,005
Impact-resistant polystyrene (IPS)	6	314	104	5,190	110	5,504
EPS	4,022	177,033	185,052	8,215,068	189,074	8,392,101
Subtotal	22,858	1,078,844	351,030	16,469,128	373,888	17,547,972
Glass wool products (Note 1)	8,919	407,422	3,157	114,442	12,076	521,864
Cubic printing (Note 2)	14,044	13,963	0	0	14,044	13,963
Total	-	1,500,229	-	16,583,570	-	18,083,799

Note 1: Glass-wool products include the sales of imported stone wool and aluminum foil.

Note 2: Cubic printing measurement unit: jig.

Quantity: Tons

Amount: NT$ thousands

2021						
Product Category	Domestic sales		Exports		Total	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
ABS	8,334	578,327	112,856	6,857,098	121,190	7,435,425
GPS	12,879	528,565	82,402	3,462,281	95,281	3,990,846
Impact-resistant polystyrene (IPS)	14	799	266	14,634	280	15,433
EPS	4,561	186,786	211,234	8,607,034	215,795	8,793,820
Subtotal	25,788	1,294,477	406,758	18,941,047	432,546	20,235,524
Glass wool products (Note 1)	9,524	381,077	3,542	113,445	13,066	494,522
Cubic printing (Note 2)	49,760	41,119	0	0	49,760	41,119
Total	-	1,716,673	-	19,054,492	-	20,771,165

Note 1: Glass-wool products include the sales of imported stone wool and aluminum foil.

Note 2: Cubic printing measurement unit: jig.

III. Information on Employees

Year		2022	2021	Current year up to March 31, 2023
Number of employees	Staff	192	194	192
	Operator	311	313	304
	Total	503	507	496
Average age		44.2	44.1	44.3
Average year of services		14.3	15.2	14.3
Distribution of academic qualifications	PhD/Master's degree	11%	10%	11%
	Bachelor (University)	30%	25%	30%
	Junior college	25%	22%	25%
	Senior high/vocational school	28%	30%	28%
	High school or lower	6%	13%	6%

IV. Expenditure Related to Environmental Protection

(I) In the most recent years as of the publication date of this annual report, the losses incurred due to the environment pollution (including compensation and environmental protection audit results that violated environmental protection laws and regulations, the date of disciplinary action, disciplinary official letter number, the provision of laws violated, the content of laws violated, and the content of disciplinary action), current and future estimated amounts that may occur, and responding measures:

Penalty date/number	Regulations violated	Amount of compensation or penalty (thousand)	Cause	Improvement measures
2022/09/29 / 20-111-090026	Paragraph 1, Article 20 of the Air Pollution Control Act	120	On August 19, 2022, the Inspection Department of the Environmental Protection Bureau of Kaohsiung City sent personnel to our factory for odor sampling GHG accounting of RTO discharge pipelines. The result showed that the odor concentration was 3090, exceeding the emission standard of 2000, which violated Article 20 (1) of the Air Pollution Control Act and Article 2 of the Fixed Pollution Source Emission Standard.	1. We will commission a testing company to conduct sampling and verification, and submit the conforming report to the Environmental Protection Bureau for future reference. The Environmental Protection Bureau may conduct another sampling and retesting at the factory. If passed, improvement will be considered complete. (Retest and improvement completed on November 16, 2022) 2. Self-test the concentration of volatile organic compounds (VOCs) in RTO every week, and confirm whether the operating parameters meet the range and emission standards, so as to ensure normal operation on site.
2022/10/27 / 40-111-100021	Subparagraph 1, Paragraph 1, Article 31 of the Waste Disposal Act	6	On September 15, 2022, the Environmental Protection Administration of the Executive Yuan (Environmental Supervision Brigade of the Southern District) went to Linyuan Plant to carry out the dioxin GHG accounting and testing of the incinerator discharge pipeline, and carried out the on-site GHG accounting on the same day. It was found that the waste filter bags produced by the bag dust collector of the incinerator were not reported in the waste cleaning plan as required, which violated Paragraph 1, Article 31 of the Waste Disposal Act.	In accordance with the provisions of the Waste Disposal Act, the waste filter bag of the bag dust collector was submitted in the waste disposal plan (an application for change of the waste disposal document was submitted to the Environmental Protection Bureau on 10/19/2022).

(II) Current and future potential estimated amount and response measures:

1. Comply with regulations relevant to environmental protection and occupational health and safety, and relevant requirements derived from such regulations.
2. Sustainable energy saving regeneration and industrial waste reduction.
3. Prevent pollution, reduce potential risks in operations.
4. Continuously provide education and training for employees to implement environmental safety work
5. Actively communicate with customers and residents, manage suppliers and contractors, and encourage all employees to participate in matters related to environmental protection and occupational safety and health.
6. Thoroughly implement the environmental management system to enhance environmental performance and reduce environmental risks in the community.
7. Promote the process safety management system (PSM) to achieve the purpose of safe process operation and personnel safety through "prior prevention, impact mitigation and abnormality improvement" of accidents.
8. Implement ISO 14064-1 management system for all possible GHG sources within the organization, and conducting emission source inventory and data collection.

The Company's major environmental protection expenditures in the most recent year and as of the publication date of this annual report are as follows:

Unit: NT$ thousands

Expenditure Item	
Linyuan Plant	
(1) Addition of a heat exchanger to the outlet pipeline of the aeration windmill of the second-line biological aeration tank of the sewage treatment plant of Linyuan Plant (completed)	1,205

Expenditure Item	
(2) Addition of a high-efficiency cooling water tower (E6208E-3) in the common area (in progress)	7,900
(3) Renewal of cooling water tower (E6208-1) in the common area (completed)	3,076
(4) Replacement of shaft-free sealing pump for P2772 (heat medium main circulation pump) (completed)	2,250
(5) Renewal of styrene circulation pump (P1101-2) and styrene discharge pump (P1101-3) in Area 11 (monomer storage tank area) to non-leakage pump (completed)	360
(6) Update of discharge control valve of the TAP-I/ II reaction tank in Area 24 to the non-leakage type (completed)	1,660
(7) Update of the S2513-1/2 feed control valve (FV2512A/B, FV2511A/B) for A/B line monomer (AN/SM) of the in Area 25 (SUKA SAN process area) to the non-leakage type (completed)	1,120
(8) Update of feed control valve for monomer (AN/ SM) in Area 24 to the non-leakage type (completed)	1,640
(9) Update of the monomer recovery control valve (FV2542A/FV2542B) of A/B line in Area 25 (SUKA SAN process area) to a non-leakage type (completed)	580
(10) Update of the feed control valve (FV2514A/FV2514B) of the AB line reaction tank in Area 25 (SUKA SAN process area) to a non-leakage type and modification of the pipeline to a non-leakage type (completed)	1,050
(11) Upgrading of incinerator bag filters and replacement of filter bag with ceramic filter tube (in progress)	8,220
(12) Replacement of D2561 heat medium temperature control valve TV2562 in Area 25 (in progress)	750
(13) Replacement of material for TAP-I RBD in 13U/21U of carbon steel with stainless steel (in progress)	1,600
(14) Incinerator inspections and repairs (completed)	700
(15) Update of the top outlet pipeline and combustor (including busbar pipeline and control system) of the combustion tower (FLARE STACK) (in progress)	4,900
(16) Addition of an isolation valve to the front air pipe of the old RTO explosion-proof box in Area 26 (ABS process area) (completed)	250
Total	37,261

Expenditure Item	
Qianzhen Plant	
(1) EPS class washing tank reducer spare parts procurement proposal, purchase of high-efficiency energy-saving motor (IE3), which can be immediately replaced in case of abnormal damage (completed)	570
(2) Replacement of the PDA GHG accounting machine throughout the factory with new ones, and implementation of the safety patrolling of the factory area (completed)	264
(3) Purchase of spare parts for the gear box gear and mechanical shaft seal of NOVA R1 agitator to avoid leakage of VOCs (completed)	1,141
(4) Replacement of the refrigeration oil circulation pump and valve components of NOVA ice water machine with new type of pump to achieve the goal of energy conservation and carbon reduction (completed)	580
(5) Replacement of motors at Qianzhen Factory with high-efficiency energy-saving motors (IE3) to achieve the goal of energy conservation and carbon reduction (completed)	1,146
(6) Procurement of spare parts for NOVA adsorption tank steam pressure reducing valve to avoid excessive steam usage and increased energy consumption (completed)	175
(7) Upgrade of the Plant Scape (server) system on the EPS process console to ensure safe operation of the process (completed)	1,065
(8) Procurement of mechanical shaft seals and shaft core spare parts for EPS reaction tank to avoid VOCs leakage (completed)	1,507
(9) Replacement of EPS course mixer shaft center to avoid VOCs leakage at the shaft seal gap (completed)	390
(10) Overhaul of inlet turbine of 3500GPM fire pump engine to avoid environmental pollution caused by failure to start fire pump in emergency (completed)	247
(11) New purchase of container mounted mobile platform to reduce diesel usage in stacker crane (completed)	450
(12) Replacement of air compressors at Qianzhen Factory with frequency conversion equipment to achieve energy conservation and carbon reduction. (in progress)	5,040
(13) Purchase of NOVA key pumps with glandless pumps to reduce VOCs leakage (in progress)	1,946
Total	14,521

Expenditure Item	
Toufen Plant	
(1) Replacement of the baghouse filter bag (completed)	149
(2) Cleaning of the inside of electrostatic precipitator (completed)	200
(3) Rectification of electrostatic precipitator discharge pipe (completed)	108
(4) Roof covering of outdoor raw material crushed glass storage area and addition of wastewater collection ditch (completed)	2,444
(5) Update of ammonia gas detector (completed)	150
Total	3,051
Zhongshan Plant	
(1) Annual wastewater and exhaust gas monitoring expenses (completed)	2,427
(2) RTO device (completed)	38,856
(3) CCR construction project (completed)	6,946
(4) DCS&SIS system upgrade (completed)	25,398
Total	73,627
Total of the Company	128,460

The Company's expected environmental protection expenditures in 2023 are as follows:

Unit: NT$ thousands

Expenditure Item	
Linyuan Plant	
(1) Replacement of 82A biological aeration tank blower (B8266-3)	2,650
(2) Replacement of B2644C Lu style blower in Area 26 (ABS process area) with energy-saving air suspension blower	3,360
(3) Replacement of B3473 Lu style blower in Area 34 (ABS tank area) with energy-saving air suspension blower	3,500
(4) Replacement of P2432-1 single reflux pump in Area 24	430
(5) Replacement and model variation of 3 sets of feed flowmeter in Area 21/22 (PBDL/ABSL process area) according to the specifications and types	790
(6) Procurement of spare parts for the oxygen analyzer sensor in the secondary flue of the incinerator	120
(7) Rust removal and painting works for incinerator equipment	200
(8) Incinerator inspections and repairs	770

Expenditure Item	
(9) Replacement of Z3285-2 electrostatic precipitator (EP) in Area 32	5,440
(10) Update of monomer feed control valve FV27111/FV27110A/LV27203/LV27601 in Area 27 to non-leakage type	1,490
(11) Replacement of DMF pump P2542 in Area 25 with non-leakage type	240
(12) Leading emergency discharge tank discharge pipeline in Area 25/27 into the combustion tower	400
(13) Change of EP cleaning steam in Area 27 from 2S to 4S	450
Total	19,840
Qianzhen Plant	
(1) Construction of GPS process cooling water tower to improve energy efficiency and achieve energy-saving and carbon reduction goals	14,230
(2) A total of 3 IE3 motors was replaced in the GPS process and 1 high-efficiency explosion-proof motor was replaced in the EPS process, resulting in a motor efficiency increase from 90% to 95.4% to achieve energy-saving and carbon reduction goals.	2,900
(3) The purchase of a total of 5 reducers for the EPS process (including the replacement of motors with high-efficiency IE3) can effectively reduce energy consumption and improve efficiency, achieving the goal of energy conservation and carbon reduction	1,300
(4) Replacement of the GPS reaction tank weight display with a new one to ensure process safety and avoid material leakage	260
(5) Update of the 2B3T resin in the pure water system can improve the efficiency of pure water manufacturing and reduce the consumption of regeneration drugs	600
(6) Update of the EPS process dryer radiator to improve energy efficiency and achieve energy conservation and carbon reduction	700
(7) Procurement of instrument and control spare parts for heat medium boiler (FB-650) to avoid damage to control parts, resulting in boiler abnormalities and environmental pollution	530
(8) Purchase of spare parts of glandless pumps for EPS process and purchase of new type glandless pumps to avoid VOCs leakage	900
(9) Purchase of spare parts for steam control valves to avoid steam leakage and reduce energy waste	900

Expenditure Item	
(10) Coating of the roof of dangerous goods warehouse and RTO control room for insulation to reduce the temperature inside the factory building and achieve the goal of energy conservation and carbon reduction	780
(11) Addition of spare parts for steam flow meters, thermometers, and pressure regulating valves to effectively stabilize boiler liquid level and steam quality, and improve energy efficiency	390
(12) Replacement of cooling water pipeline in GPS process slot area 4 to avoid environmental pollution caused by leakage	200
(13) Maintenance of ice chiller for GPS process to improve operational efficiency and achieve energy-saving and carbon reduction goals	1,050
(14) Update of the active aluminum balls of the air dryer to reduce energy consumption and achieve the goal of energy conservation and carbon reduction	320
(15) Local replacement of corroded condensate main pipeline for the recycled condensated water in EPS area 24 to avoid leakage and environmental pollution	500
(16) Replacement of the GPS process computer DCS program processor module (HPMM) due to malfunction, so as to ensure safe operation of the process	1,600
Total	27,160
Toufen Plant	
(1) Addition of the waste storage facilities (in progress)	5,120
(2) Improvement of pollution source equipment - Drying furnace E007-9 (in progress)	3,500
(3) Regular maintenance of electrostatic precipitators (in progress)	200
Total	8,820
Zhongshan Plant	
(1) Operating expenses of environmental protection facilities (in progress)	7,040
(2) Hazardous waste disposal fees (in progress)	66
(3) Annual expenses for waste water and waste gas monitoring (in progress)	1,760
(4) ISO 14001 system operation expenses (in progress)	37
(5) Annual expenses for outsourced LDAR testing (in progress)	304

Expenditure Item		
(6)	Reclaimed water reuse project of sewage treatment plant	24,200
(7)	Construction of an intelligent security risk management and control platform	11,440
	Total	44,847
Total of the Company		100,667

3. The impact of improvement: improving production efficiency, saving energy and reducing waste.

(III) The EU Restriction of Hazardous Substances Directive (RoHS) has no impact on the Company.

V. Labor Relations

(I) Employee Welfare Measures, Continuing Education and Training, Retirement System and Implementation Status, as well as Agreements between the Company and Employees and Measures for Protecting Employees' Rights and Interests

1. Benefit Measures

(1) Formulate and implement reasonable employee welfare measures (including salary, leave and other benefits, etc.), and appropriately reflect business performance or results in employee remuneration in accordance with the Guidelines for Corporate Social Responsibility Practices of TWSE/TPEx-listed Companies.

(2) All the employees in the Company participate in labor insurance, health insurance and group insurance, and are given medical benefits for their spouses and children, and medical care for cancer. In addition, the Company also purchases travel insurance for traveling employees, thereby fully protecting employees' various insurance needs. Employees in mainland China are provided with social security that mainly includes pension social

welfare, unemployment insurance, occupational injury insurance, and maternity insurance.

(3) The Company organizes regular health checkups for its employees and pays great attention to their health.

(4) According to the Company's Articles of Incorporation, if the Company posts a net profit in the current year, employee compensation shall not be less than 1% of the Company's net profit for the current year, while the performance bonus and year-end bonus shall also be distributed based on the Company's business performance and individual performance.

2. Implementing education and training

(1) The Company has always valued employees' continuing education and training and formulated the employee training standards to provide pre-employment training, on-the-job training, work instructions, and online learning to improve the skills and quality of employees.

(2) The Company has designed tiered courses to encourage employees to actively learn and study. Employees must complete the prescribed courses before they can be officially promoted.

(3) The Company has set up an employee training database to record the progress of employees, and requires them to attend at least 8 hours of training every year.

(4) In addition to conducting a survey among trainees for each course, the Company has also designed a comprehensive survey at the end of a year as a reference for improving training operations.

(5) Continuing education and training at each plant

In addition to assigning employees to participate in external professional training, the Group also organizes various internal training programs. The Plants continuously send employees to participate in labor safety, technology training, and various external operations and safety training. Each plant also organizes various internal training programs and they also organize periodic General Manager management seminars and various management skills training programs to strengthen cohesion and improve management skills. The contents are summarized below:

In 2022, the total training hours for employees reached 20,636 hours, with an average of 41.1 hours per person, achieving the original target of 18.5 hours per person. We provide subsidies for employees with high willingness to learn and development potential to pursue further education in domestic universities, supplemented by job adjustment experience, in order to cultivate excellent corporate talents.

Statistics on the number of hours of further education and training in each operating station in 2022

Education and training participation		Male	Female	The whole company
Supervisors	Average (hour/number of people)	91.6	33.4	76.5
Director staff	Average (hour/number of people)	21.4	31.0	21.7
Indirect staff	Average (hour/number of people)	79.9	24.0	61.0
The whole company	Number of participants	5150.0	790.0	1857.0
	Hours	16360.5	2331.5	18692.0
	Number of employees	432.0	70.0	502.0
	Average (hour/number of people)	37.9	33.3	37.2

Remarks: Direct staff are workers, and indirect staff are employees who are not supervisors.

Classification of Education and Training Hours by Curriculum in 2022

Course Type	Hours	Proportion
Management skills	10,552	51.1%
Professional skills	2,574	12.5%
Occupational safety and environmental protection	5,873.5	28.5%
Others	1,636	7.9%

(6) The talent training expenditure in 2022 totaled NT$1,544 thousand.

3. Retirement system and implementation status
   (1) For employees eligible for the pension pursuant to the Labor Standards Act, the Company has contributed a pension preparatory fund equal to 12% of their monthly salary to a dedicated account and established the Labor Pension Reserve Fund Supervision Committee to manage and supervise its operations.
   (2) In accordance with the Labor Pension Act, the Company allocates 6% of an employee's total monthly salary as a retirement reserve fund to the dedicated personal account managed by the Bureau of Labor Insurance and notifies the employees in writing each month.
   (3) Employees of companies in Mainland China are given social security payment according to their average monthly income based on average monthly salaries in the previous year in accordance with the requirements set forth by the Ministry of Labor and the Regulations on the Composition of Gross Wages set forth by the National Bureau of Statistic in Mainland China.
4. Agreements between the Company and employees and measures for protecting employees' rights and interests

   The Company has set up Employee Welfare Committee, and contributes a certain percentage of its turnover as a fund for employee welfare activities, such as travel subsidies, wedding and maternity subsidies, education subsidies for children and funeral subsidies for employees. Provide female employees with menstrual leave and parental leave in accordance with the law.

   The Company has stated in writing employees' code of conduct and ethical standards, and specified that employees shall not accept or draw up agreements to receive kickbacks. Besides, the Company has specified sexual harassment prevention measures, and regulations governing complaints, grievances, rewards and punishment. On the other hand, the Company has set up an employee complaint and grievance mailbox, and maintains smooth communication with employees. Furthermore, a labor union has been established in the Company, where meetings are regularly held between the Company and employees to establish a harmonious and smooth channel of communication between both the Company and employees. The Company also provides employees with a well-organized group insurance plan, and regularly organizes health checkups every year. Moreover, the Company and its affiliated companies have formed the Employee Assistant Program Service Center (EAPC) to promote employee assistance program services, organize various get-together events, as well as provide employees with counseling and consulting services, with a view to ensuring that employees receive comprehensive care and assistance in psychological adjustment, functional management, health enhancement and quality of life.

With regard to employees' continuing education and training, the Company conducts surveys on the needs of employee training and formulates education and training plans and budgets every year. In addition, the Company has also set up an e-learning platform that offers lifelong learning activities, and regularly conducts employee training, management training, seminars, health talks and various types of conferences to enhance employees' professional or management skills and balance their mental and physical development. We provide subsidies for employees with high willingness to learn and development potential to pursue further education in domestic universities, supplemented by job adjustment experience, in order to cultivate corporate talents.

The Company complies with laws and regulations concerning labor and human rights and does not employ any child labor or forced labor. There are no age and gender differences in terms of salaries and benefits, and the Company provides reasonable compensation and promotional opportunities based on capabilities and potential of employees at work. In terms of the employee retirement system, a Labor Retirement Reserve Supervision Committee is established to allocate retirement reserves, making the life of employees more secure after retirement. For good labor and management relations, the Company maintains communication with officers of the labor union and has also set up a mailbox for employees to freely express their views.

5. Licenses held by the personnel involved in the transparency of financial information

Department	Name	Certification
Audit Office	Hsu, Liang-Wei	Institute of Internal Auditors, R.O.C. Certificate No.: J.X.B.Z.F.Z. 1112309 Certificate No.: J.X.B.Z.F.Z. 1118388
Audit Office	Tu, Ying-Chun	1. International certified internal auditor (CIA) 2. Certification of Qualification for Enterprise Internal Control Basic Abilities Test offered by the Securities and Futures Institute
Accounting Division	Lin, Chin-Tsai	Certification of Qualification in Continuous Studies for Accounting Supervisor, Accounting Research and Development Foundation

6. Employee Code of Conduct or Ethics

(1) The Company has formulated Employee Work Rules which are given to employees while starting their job and are provided access to the Company's website (https://www.ttc.com.tw) too for their reference. There are written regulations for employees and the ethics to be followed. Both employees and the management shall abide by them for an orderly workplace.

(2) To protect the Company's reputation for ethical and decent management, the Company has established the Code of Work Ethics and Professional Ethics, and includes this code as part of the new employee training program. If any employee violates this code, the violation will be included in the employee's performance evaluation. Employees who violate this code in a serious manner will be punished according to the Employee Work Rules.

(3) The Company signs a letter of undertaking with each new employee to specify his or her obligations.

(4) To enhance ethical corporate management at the Company, the Human Resources Division has established ethical management policies and prevention plan, and regularly report the implementation of such policies and plan to the Board of Directors. Besides, the Human Resources Division has also established the Corporate Social Responsibility Best Practice Principles which stipulates corporate social responsibility policies, systems and management guidelines.

(5) In order to ensure that the conduct of the Company's Directors and managerial officers is in line with the ethical standards, the Company has formulated a Code of Ethical Conduct for Directors and Managerial Officers with reference to the Guidelines for the Adoption of Codes of Ethical Conduct for TWSE or TPEx Listed Companies, and has made it as part of the compulsory study materials for relevant personnel every year. The targets for these guidelines include the Company's Directors and managerial officers, and other personnel with signing authority over management affairs at the Company. The contents of these guidelines include

avoiding conflict of interests with the Company due to improper benefits provided by individuals holding the specific positions in the Company for their relatives. These guidelines serve to prevent: (1) competition with the Company, and (2) opportunities for personal gains or direct private gains through the use of the Company's properties and information or by virtue of the specific positions held in the Company.

(6) Targets for the aforementioned guidelines shall assume confidentiality obligations to protect the Company's confidential information, including all undisclosed information that can damage the Company after leakage. In addition, the Company shall offer equal treatment to its suppliers, customers, competitors and employees, and shall not make false statements about important matters or engage in other unfair trading methods to obtain improper benefits. For related content, please visit the Company's website (https://www.ttc.com.tw).

7. Work Environment and Personal Safety Protection Measures

(1) To maintain workplace safety for employees, the Company has installed pollution prevention and fire safety equipment and introduced an environmental management system (ISO 14001) and occupational safety and health management system (OHSAS 18001) to build a sound management system and provide a safe and healthy working environment.

(2) The Company provides personal protection equipment such as earmuffs, ear plugs, visors, and toxicity filtering masks. It also organizes training from time to time or send employees to participate in related training to improve their knowledge and ideas/skills in occupational safety.

(3) To reduce the risk of hazards in processes and related

operations, and the impact of products, services and activities on the environment through process and operational improvements, good management and optimal use of limited resources.

(4) The Company participates in and supports activities relating to responsible care, and incorporates them into the operations of its management system. Besides, the Company also makes timely response to the demand of the public and other stakeholders, so as to gradually realize the concept of responsible care.

(5) The Company selects and uses the best and most feasible technologies and management techniques, and is committed to housekeeping, industrial waste reduction, cherishing resources, pollution prevention and safeguarding the health and safety of employees, contractors and nearby residents.

(6) The Company continues to provide employees training and participate in communication and consultation with employees, encourages participation of all employees, and strengthens communication and consultation with contractors and customers, so that they fully understand the Company's occupational safety and health and environmental protection policies.

(7) The Company implements inspections audits and management reviews to continuously improve and enhance its overall occupational safety and health and environmental management performance.

(8) The Company has established a safety and health organization and set up a labor union at Linyuan Plant, Qianzhen Plant and Toufen Plant, respectively, in addition, each plant has also established the Occupational Safety and Health Committee in accordance with the Regulations Governing Occupational Safety and Health.

In the committee, labor representatives are elected by the labor union. The committee holds a meeting every quarter, where labor representatives speak for all employees and discuss issues relating to environmental protection, safety and healthy with the management of the Company.

(9) The Company implements occupational safety and health operations, participates in Taiwan Responsible Care Association (TRCA), the safety and health promotion associations and pollution control coordination groups in industrial parks. With regard to work safety, health and environmental protection, the Company engages in mutual observation and learning to enhance the protection of employees' safety and health, and regularly conducts emergency drills, fire drills and occupational safety and health training, so as to train employees to respond to emergencies and manage their safety.

(II) In the most recent years as of the publication date of the annual report, the losses suffered due to the labor disputes (including matters with labor inspection results that violate the Labor Standards Act, the punishment date, the punishment font size, the provisions of the statute violated, the content of the statute violated, and the punishment content are listed), and the current and future estimated amounts and responding measures shall be estimated. If it cannot be estimated reasonably, state the fact that it cannot be estimated reasonably:

The Company enjoys harmonious relationship between labor and management and there are no major labor disputes or losses as of date of the publication of the annual report.

VI. Information Security Management

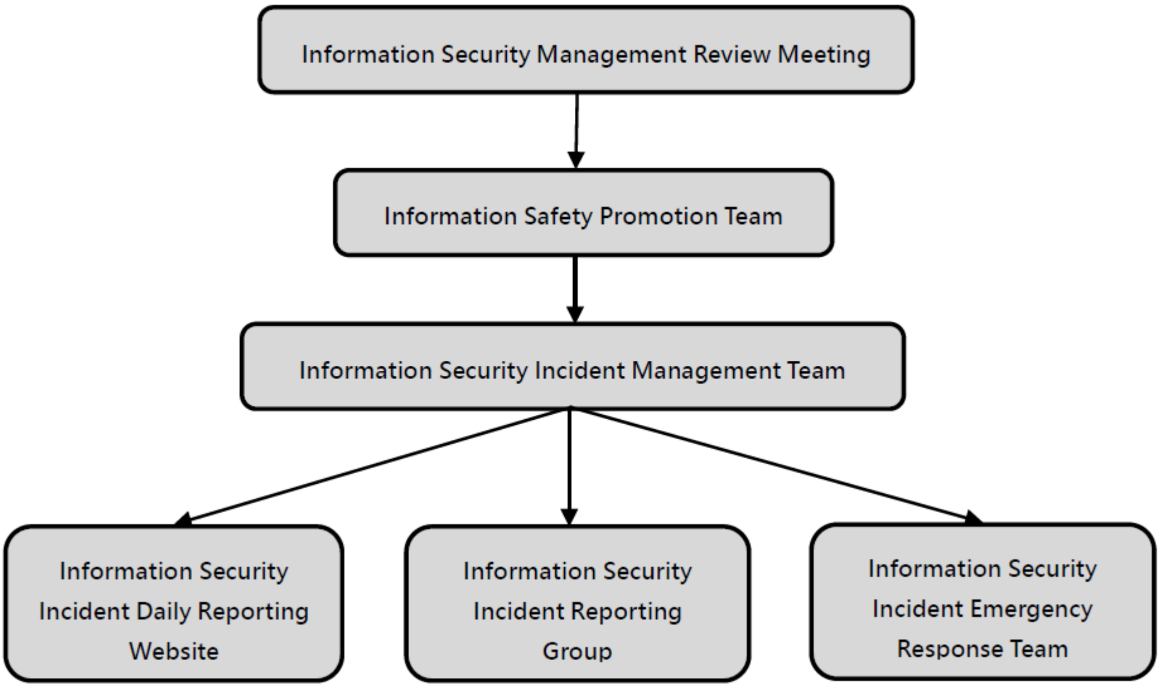
(I) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.:

1. Information security risk management framework:

(1) Information security governance organization:

The Company holds an annual "information security management review meeting” at fixed date, make a judgment on the six input projects (resolution status of past management reviews, changes to internal and external issues related to the information security management system, feedback on information security performance, feedback from related parties, status of risk assessment results and risk management plans, opportunities for continuous improvement) of the information security system management, and make a conclusion on the two output projects of the information security management system (including decisions related to continuous improvement opportunities and any need for changes to the information security management system), to achieve the objectives of the information security management system.

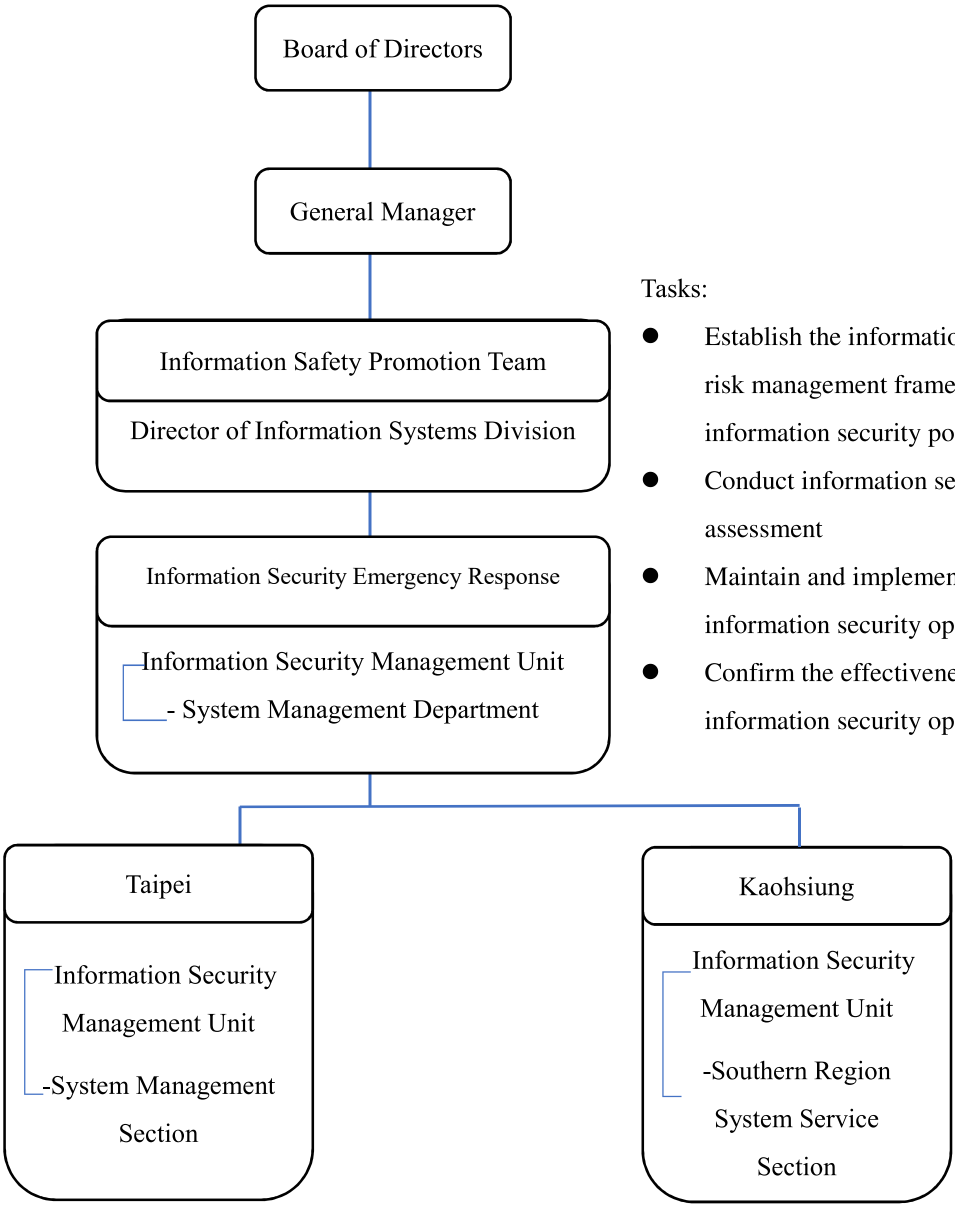
[Figure 1. Organization Chart of Information and Communication Security Management Review Committee]



(2) Information security organization framework:

According to the provisions in the standard operating procedure (SOP) of the Company "Setting Standards of Information Security Promotion Organization", an "information security promotion team" has been set up to supervise the operation of information security management within the group and define the roles and responsibilities of each promotion organization. The meeting is held once a year. If there is a major information security incident, it can be held immediately. The Director of the Information Technology Department serves as the convener of the Team and takes charge of the meetings of the Information Security Implementation Team as well as decisions and arbitration of opinions in the meetings. The executives of units under the jurisdiction of the Information Technology Department are members of the Team. In the event of a material information security incident, the Director of the Information Technology Department shall report to the General Manager or heads of related departments.

[Figure 2. Organization Chart of Information Security Promotion Team]



Tasks:

- Establish the information security risk management framework and information security policy
- Conduct information security risk assessment
- Maintain and implement information security operations
- Confirm the effectiveness of information security operations

Responsibilities of Information Security Promotion Team:

(2.1) Formulate the structure of the Information Security Management Strategy

(2.2) Conduct information security risk assessments and analyses

(2.3) Information security maintenance and execution

(2.4) Verification of the effectiveness of information security operations

(3) The setup of the information security chief and the information security department:

In accordance with the Amendment to Article 9-1 of the Regulations Governing Establishment of Internal Control Systems by Public Companies issued by the FSC, the Company will complete the establishment of a special department for information security officer and information security personnel by the end of 2023.

2. Information Security Policy:

(1) Information security management strategy and framework

(a) ISO 27001 information security system:

Since 2014, the ISO / IEC 27001:2013 Information Security Management System has been established and continuously operated. Every year, external professional asset safety audit and certification companies are engaged for review. Up to now, the Company has passed certification audits for 8 consecutive years. (The current certificate is valid from July 4, 2020 to July 3, 2023).

(b) NIST CSF Information Security Management Framework:

Incorporated into the Cybersecurity Framework (CSF) developed by the National Institute of Standards and Technology (NIST).

(2) Enterprise information security risk management and continuous improvement framework

Based on the ISO 27001 information security management system, supplemented by the NIST CSF information security management framework, it strengthens risk management and control, improves information security resilience, and has the ability to withstand, contain and quickly recover from information security incidents, so as to continue to provide key operational services.

(3) Specific management plan

(a) Vulnerability scanning detection: Regularly perform server operating system vulnerability scanning detection to identify potential risks, make system corrections or propose compensatory measures, and improve information security. It has been continuously running for 7 years so far.

(b) Information asset control: establish an information asset management platform to log information assets, note asset items, usage status, and maintain records, and conduct regular inspection and maintenance.

(c) Firewall and industrial control equipment (OT): Palo Alto networks PA-3220 is adopted to improve the execution efficiency of filtering incoming and outgoing packets and effectively reduce the risk of system vulnerability exposure with the next-generation 7-layer firewall system.

(d) Critical Server (SEVER): deploy Crowd Strike terminal endpoint detection software, use artificial intelligence (AI) and machine learning (ML) modes of non-feature comparison, to analyze attack behaviors in real time, and block known and unknown potential threats.

(e) Email (Mail): Adopt the Microsoft Office 365 solution, plus Advanced Threat Protection (ATP) service mechanism to defend against unknown malicious linkage and viruses. Through the cloud operation through email, we gradually reduce the number of AD and DC (Domain Controller) hosts, thereby reducing the attack scope.

(f) Office equipment (IT): Use the Trend Micro anti-virus software to detect abnormal network behaviors. For instance: Monitor the behavior of users' computers to log in to AD (Active Directory) hosts to discover exceptions in time,

(g) Personnel information security management: Prevent hacking or data leakage, and organize at least four hours of information security education and training for the information personnel conduct every year.

(h) Social engineering exercises: External consultants are engaged to conduct social engineering exercises at least twice every year to enhance employees' awareness of information security for the purpose of maintaining information security and protecting information from foreign intrusion.

(4) Resources invested in the security management of Zitong:

(a) Standard books: formulate 16 standard books.

(b) Information security standards: Passed ISO27001 certification for 8 consecutive years.

(c) Number of cloud users for mail: Total number of cloud users was 359.

(d) Information security investment: a total of about NT$1,600 thousand.

(e) Information security notices: 17 notices were issued.

(f) Social Engineering Drills: A total of 2 drills were held, with a total of 718 participants.

(II) List the losses suffered due to major information security incidents in the most recent fiscal year up to the publication date of the annual report, and the possible impact and countermeasures. If the amount cannot be reasonably estimated, facts of which estimation cannot be made shall be explained:

As of the publication date of the annual report, the Company has no losses suffered due to major information security incidents and the possible impact.

VII. Important Contracts

(I) Supply and Sales Contracts

Nature of Contract	Contracting Party	Contract Start/ End Date	Main Content	Restrictive Clause
Purchase of material	Taiwan Styrene Monomer Corporation	2021/1/1~2022/12/31 (Renewed every two years)	The Company purchases styrene from Taiwan Styrene Monomer Corporation and the price is determined through negotiations.	None
Purchase of material	Formosa Chemicals & Fibre Corporation	2022/1/1~2022/12/31 (Renewed every year)	The Company purchases styrene from Formosa Chemicals & Fibre Corporation and the price is determined through negotiations.	None
Purchase of material	CPC Corporation	2022/1/1~2022/12/31 (Renewed every year)	CPC Corporation has agreed to supply butadiene to the Company every year at a price set by it. Payment for the material must be made on the 15th of the following month after delivery.	None
Purchase of material	Formosa Petrochemical Corporation	2022/1/1~2022/12/31 (Renewed every year)	Formosa Petrochemical Corporation has agreed to supply butadiene to the Company every year at a price set by it. Payment for the material shall be made on the 14th of the following month after delivery.	None
Purchase of material	China Petrochemical Development Corporation	2021/1/1~2022/12/31	China Petrochemical Development Corporation has agreed to supply acrylonitrile to the Company every year at a negotiated price. Payment for the material shall be made on the 15th of the following month after delivery.	None
Purchase of material	CNOOC and Shell Petrochemical Co., Ltd (CSPC)	2022/1/1~2022/12/31 (Renewed every year)	The Company purchases polystyrene from CHOOC and Shell Petrochemicals every year at a negotiated price. The Company is required to provide domestic letters of credit before loading.	None

Nature of Contract	Contracting Party	Contract Start/ End Date	Main Content	Restrictive Clause
Purchase of material	SinoPec Chemical Sales (Huanan) Co., Ltd.	2022/1/1~2022/12/31 (Renewed every year)	SinoPec Chemical Commercial (Huanan) Holding Co., Ltd. agreed to supply styrene to the Zhongshan Company every year at a price based on the original price agreed to by both parties. Payment for the material must be made before delivery.	None

(II) Technical Cooperation Contracts

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Technical cooperation	TAICA (Japanese Company)	Starting from November 25, 1996, the request will be automatically extended every five years if there is no objection by both parties after the contract expires	This contract involves the transfer of cubic printing technology, which is the first of its kind in the world and enables printing of various patterns on uneven surfaces (such as telephones, automobile parts and components) to add value to products. This technology has been patented in many countries, including the United States, Japan, Canada, Germany, the Netherlands, France and the United Kingdom.	None
Provision of Technology	Owens Corning Company (American Company)	2014/4/1-2024/3/31	Provision of expertise on the manufacture of glass wool insulation products for the Company.	None

(III) Construction contracts: None.

(IV) Long-term Loan Contracts

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
Medium-term Lending Limit Contract	Hua Nan Commercial Bank	2020/07/03 ~ 2023/07/03	The Company and Hua Nan Bank signed a three-year medium-term lending contract with a revolving credit limit of NT$300 million.	None
Medium-term Lending Limit Contract	Yuanta Commercial Bank	2021/02/18 ~ 2024/02/18	The Company and Yuanta Commercial Bank signed to secure a 3-year medium-term lending contract with a revolving credit limit of NT$ 300 million, the contract is fully secured.	Based on its consolidated annual report, its current ratio shall not be less than 100%, and its debt ratio (debt/net worth) shall not be more than 150%.
Medium-term Lending Limit Contract	Far Eastern Bank	2021/05/06 ~ 2024/05/06	The Company and Far Easter International Bank signed a three-year medium-term comprehensive lending contract with a revolving credit limit of NT$300 million.	Based on its consolidated annual report, its current ratio shall not be less than 100%, and its debt ratio (debt/net worth) shall not be more than 175%.
Medium-term Lending Limit Contract	Chang Hwa Commercial Bank	2021/07/12 ~ 2024/07/12	The Company and Chang Hwa Commercial Bank signed a three-year medium-term lending contract with a revolving credit limit of NT$500 million.	None
Medium-term Lending Limit Contract	Mizuho Bank	2021/08/30 ~ 2024/08/30	The Company and Mizuho Bank signed a three-year medium-term lending contract with a revolving credit limit of NT$300 million.	None
Medium-	Bank of	2022/07/26	The Company and Bank of	Based on its consolidated

Nature of Contract	Contracting Party	Contract Start/End Date	Main Content	Restrictive Clause
term Lending Limit Contract	China, Taipei Branch	~ 2025/07/25	China, Taipei Branch, signed a three-year medium-term lending limit contract worth NT$500 million, which is a revolving loan facility.	annual report/semi-annual report, its current ratio shall not be less than 100%, and its debt ratio (debt/net worth) shall not be more than 150%.
Medium-term Lending Limit Contract	Taipei Fubon Bank	2022/11/07 ~ 2025/09/12	The Company and Taipei Fubon Bank signed a three-year medium-term lending contract with a revolving credit limit of NT$300 million.	Based on its consolidated annual report/semi-annual report, its current ratio shall not be less than 100%, and its debt ratio (debt/net worth) shall not be more than 150%.
Medium-term Lending Limit Contract	Taishin International Bank	2022/09/15 ~ 2025/09/15	The Company and Taishin International Bank signed a three-year medium-term lending contract with a revolving credit limit of NT$300 million.	Based on its consolidated annual report/semi-annual report, its current ratio shall not be less than 100%, and its debt ratio (debt/net worth) shall not be more than 175%.

Chapter 6. Financial Overview

I. Condensed Balance Sheet, Statement of Comprehensive Income, as well as Name and Audit Opinions of CPAs in the Most Recent Five Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income - Consolidated Financial Statements

Condensed Balance Sheet - Consolidated Financial Statements

Unit: NT$ thousands

Item \ Year		Financial information for the most recent 5 years					Current year as of March 31, 2023 (Note 6)
		2022	2021	2020	2019	2018	
Current assets		6,006,957	7,290,336	5,942,120	4,801,480	5,391,600	5,933,233
Real property, plant		1,960,833	2,007,587	2,076,043	2,174,859	2,373,653	1,939,465
Intangible assets		2,279	4,094	5,406	7,448	9,668	1,825
Other assets		1,270,807	1,442,642	1,222,301	1,020,954	952,625	1,377,130
Total assets		9,240,876	10,744,659	9,245,870	8,004,741	8,727,546	9,251,653
Current liabilities	Before	1,357,962	2,343,160	2,170,177	2,278,694	3,316,710	1,566,248
	After	1,556,755	3,100,468	2,858,639	2,378,955	3,382,240	-
Non-current liabilities		676,700	739,686	719,887	1,426,284	1,418,879	470,665
Total liabilities	Before	2,034,662	3,082,846	2,890,064	3,704,978	4,735,589	2,036,913
	After	2,233,455	3,840,154	3,578,562	3,805,239	4,801,119	-
Equity attributable to owners of parent		7,206,214	7,661,813	6,355,806	4,299,763	3,991,957	7,214,740
Share capital		3,975,868	3,786,541	3,442,310	3,342,048	3,276,518	3,975,868
Capital surplus		1,099	992	816	810	779	3,026
Retained earnings	Before	3,020,683	3,524,977	2,716,694	997,971	731,393	2,948,978
	After	2,821,890	2,578,342	1,684,001	797,448	600,333	-
Other equity		208,564	349,303	195,986	(41,066)	(16,733)	286,868
Treasury stock		0	0	0	0	0	0
Non-controlling		0	0	0	0	0	0
Total equity	Before	7,206,214	7,661,813	6,355,806	4,299,763	3,991,957	7,214,740
	After	7,007,421	6,904,505	5,667,344	4,199,502	3,926,427	-

* If the Company has prepared the parent company only financial statements, it shall prepare a parent company only condensed balance sheet and comprehensive income statement for the most recent five years.

* If the financial information prepared by adopting IFRS is less than 5 years old, the financial data in the following table (2) shall be prepared separately adopting the ROC GAAP.

Note 1: Years not audited and certified by CPAs shall be noted.

Note 2: Where asset revaluation is performed for the year, the date of asset revaluation and the amount of asset revaluation shall be noted.

Note 3: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.
Note 4: The aforementioned figures after distribution shall be filled in based on the Board of Directors resolutions passed by the shareholders' meeting in the following year.
Note 5: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.
Note 6: Financial information for 1Q2023 was reviewed by CPAs.
Note 7: The earnings distribution plan for the most recent fiscal year is yet to be approved by the shareholders' meeting.

Condensed Statement of Comprehensive Income - Consolidated Financial Statements

Unit: NT$ thousands

Year / Item	Financial information for the most recent 5 years					Current year as of March 31, 2023 (Note 5)
	2022	2021	2020	2019	2018	
Operating revenue	18,083,799	20,771,165	15,498,381	17,672,204	21,683,702	3,575,071
Gross profit	1,760,125	3,385,956	3,123,272	1,246,066	1,043,743	99,965
Profit from operations	225,457	2,247,372	2,421,463	514,665	277,618	(112,864)
Total non-operating income and expenses	318,917	160,072	60,526	43,539	53,634	21,240
Profit before income tax	544,374	2,407,444	2,481,989	558,204	331,252	(91,624)
Net income from continuing operations in current period	412,078	1,849,932	1,919,818	397,977	207,973	(71,705)
Loss from discontinued operations	0	0	0	0	0	0
Net profit for the period	412,078	1,849,932	1,919,818	397,977	207,973	(71,705)
Other comprehensive income for the period, net of income tax	(110,476)	144,361	236,480	-21,618	-124,273	78,304
Total comprehensive income for the period	301,602	1,994,293	2,156,298	376,359	83,700	6,599
Net income attributable to owners of parent company	412,078	1,849,932	1,919,818	397,977	207,973	(71,705)
Net income attributable to non-controlling interests	0	0	0	0	0	0

Item \ Year	Financial information for the most recent 5 years					Current year as of March 31, 2023 (Note 5)
	2022	2021	2020	2019	2018	
Total comprehensive income attributable to owners of parent company	301,602	1,994,293	2,156,298	376,359	83,700	6,599
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings (loss) per share	1.04	4.65	5.07	1.19	0.63	(0.18)

* If the Company has prepared the parent company only financial statements, it shall prepare a parent company only condensed balance sheet and comprehensive income statement for the most recent five years.

* If the financial information prepared by adopting IFRS is less than 5 years old, the financial data in the following table (2) shall be prepared separately adopting the ROC GAAP.

Note 1: Years not audited and certified by CPAs shall be noted.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: Loss from discontinued operations is shown in net amount after deducting income tax.

Note 4: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

Note 5: Financial information for 1Q2023 was reviewed by CPAs.

(II) Condensed Balance Sheet and Statement of Comprehensive Income - Parent Company Only Financial Statements

Condensed Balance Sheet - Parent Company Only Financial Statements Financial Statement

Unit: NT$ thousands

Item \ Year		Financial information for the most recent 5 years				
		2022	2021	2020	2019	2018
Current assets		3,206,642	4,393,306	3,154,122	2,830,260	3,186,843
Real property, plant and equipment		1,648,052	1,710,988	1,777,067	1,836,939	1,934,916
Intangible assets		2,279	4,094	5,406	7,448	9,668
Other assets		4,274,467	4,484,012	4,072,199	2,372,990	2,277,532
Total assets		9,131,440	10,592,400	9,008,794	7,047,637	7,408,959
Current liabilities	Before distribution	1,252,666	2,194,978	1,935,890	1,323,907	2,002,329
	After distribution	1,451,459	2,952,286	2,624,352	1,424,168	2,067,859
Non-current liabilities		672,560	735,609	717,098	1,423,967	1,414,673
Total liabilities	Before distribution	1,925,226	2,930,587	2,652,988	2,747,874	3,417,002
	After distribution	2,124,019	3,687,895	3,341,450	2,848,135	3,482,532
Equity attributable to owners of parent company						
Share capital		3,975,868	3,786,541	3,442,310	3,342,048	3,276,518
Capital surplus		1,099	992	816	810	779
Retained earnings	Before distribution	3,020,683	3,524,977	2,716,694	997,971	731,393
	After distribution	2,821,890	2,578,342	1,684,001	797,448	600,333
Other equity		208,564	349,303	195,986	(41,066)	(16,733)
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0

Item / Year		2022	2021	2020	2019	2018
		Financial information for the most recent 5 years				
Total equity	Before distribution	7,206,214	7,661,813	6,355,806	4,299,763	3,991,957
	After distribution	7,007,421	6,904,505	5,667,344	4,199,502	3,926,427

* If the Company has prepared the parent company only financial statements, it shall prepare a parent company only condensed balance sheet and comprehensive income statement for the most recent five years.
* If the financial information prepared by adopting IFRS is less than 5 years old, the financial data in the following table (2) shall be prepared separately adopting the ROC GAAP.

Note 1: Years not audited and certified by CPAs shall be noted.

Note 2: Where asset revaluation is performed for the year, the date of asset revaluation and the amount of asset revaluation shall be noted.

Note 3: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 4: The aforementioned figures after distribution shall be filled in based on the Board of Directors resolutions passed by the shareholders' meeting in the following year.

Note 5: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

Note 6: The earnings distribution plan for the most recent fiscal year is yet to be approved by the shareholders' meeting.

Condensed Statement of Comprehensive Income - Parent Company Only Financial Statements

Unit: NT$ thousands

Item \ Year	Financial information for the most recent 5 years				
	2022	2021	2020	2019	2018
Operating revenue	12,870,472	15,726,081	10,993,555	12,219,221	14,943,406
Gross profit	1,744,743	3,072,264	2,204,114	897,143	692,509
Profit from operations	304,683	2,025,224	1,610,188	304,007	87,929
Total non-operating income and expenses	242,188	304,634	648,225	156,968	165,466
Profit before income tax	546,871	2,329,858	2,258,413	460,975	253,395
Net income from continuing operations in current period	412,078	1,849,932	1,919,818	397,977	207,973
Loss from discontinued operations	0	0	0	0	0
Net profit for the period	412,078	1,849,932	1,919,818	397,977	207,973
Other comprehensive income for the period, net of income tax	(110,476)	144,361	236,480	-21,618	-124,273
Total comprehensive income for the period	301,602	1,994,293	2,156,298	376,359	83,700
Net income attributable to owners of parent company	412,078	1,849,932	1,919,818	397,977	207,973
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of parent company	301,602	1,994,293	2,156,298	376,359	83,700
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings (loss) per share	1.04	4.65	5.07	1.19	0.63

* If the Company has prepared the parent company only financial statements, it shall prepare a parent company only condensed balance sheet and comprehensive income statement for the most recent five years.

* If the financial information prepared by adopting IFRS is less than 5 years old, the financial data in the following table (2) shall be prepared separately adopting the ROC GAAP.

Note 1: Years not audited and certified by CPAs shall be noted.

Note 2: As of the date of publication of the Annual Report, if financial information of the Company that are publicly listed or whose shares are traded over the counter has recently been audited or reviewed by CPAs, such information shall be disclosed.

Note 3: Loss from discontinued operations is shown in net amount after deducting income tax.

Note 4: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

(III) Name and Audit Opinions of CPAs

Year	Name of CPAs	Auditor Opinion
2022	Chiu, Cheng-Chun/ Huang, Hsiu-Chun	Unqualified opinion
2021	Huang, Hsiu-Chun/ Chiu, Cheng-Chun	Unqualified opinion
2020	Huang, Hsiu-Chun/ Chiu, Cheng-Chun	Unqualified opinion
2019	Huang, Hsiu-Chun/ Chiu, Cheng-Chun	Unqualified opinion
2018	Huang, Hsiu-Chun/ Chiu, Cheng-Chun	Unqualified opinion

II. Financial Analysis for the Most Recent Five Fiscal Years

(I) Financial Analysis - Consolidated Financial Statements

Year / Analysis Item		Financial Analysis for the Most Recent Five Fiscal Years					Current year up to March 31, 2023
		2022	2021	2020	2019	2018	
Financial structure	Debt-to-assets ratio	22.02	28.69	31.26	46.28	54.26	22.02
	Ratio of long-term capital to property, plant and equipment	402.02	418.49	340.83	263.28	227.95	396.26
Solvency	Current ratio %	442.35	311.13	273.81	210.71	162.56	378.82
	Quick ratio %	355.31	254.06	235.39	172.37	125.07	286.30
	Interest coverage ratio	80.65	467.29	119.17	11.93	6.98	(30.50)
Operating ability	Receivables turnover ratio (times)	8.80	8.86	6.97	6.84	7.41	8.72
	Average collection days	41	41	52	53	49	42
	Inventory turnover ratio (times)	15.28	18.05	16.64	17.24	17.03	12.26
	Payables turnover ratio (times)	19.48	15.74	13.28	20.45	17.44	17.33
	Average days for sale	24	20	22	21	21	30

Analysis Item	Year	2022	2021	2020	2019	2018	Current year up to March 31, 2023
		Financial Analysis for the Most Recent Five Fiscal Years					
	Property, plant, and equipment turnover ratio (times)	9.11	10.17	7.29	7.77	9.05	7.37
	Total asset turnover ratio (times)	1.81	2.08	1.80	2.11	2.47	1.55
Profitability	Return on assets (%)	4.18	18.55	22.45	5.25	2.88	(3.00)
	Return on equity (%)	5.54	26.39	36.03	9.60	5.27	(3.98)
	Ratio of net income before tax to paid-in capital (%) (Note 7)	14.03	66.61	73.17	16.87	10.11	(4.61)
	Net profit margin (%)	2.28	8.91	12.39	2.25	0.96	(2.01)
	Earnings per share (NT$)	1.04	4.89	5.07	1.19	0.63	(0.18)
Cash flows	Cash flow ratio (%)	81.22	31.42	140.37	70.34	(15.18)	6.88
	Cash flow adequacy ratio (%)	216.96	255.40	552.16	382.58	187.87	-
	Cash reinvestment ratio (%)	2.67	0.36	24.78	14.33	(4.92)	0.84
Leverage	Operating leverage	6.30	1.41	1.51	3.89	6.32	0.73
	Financial leverage	1.03	1.00	1.01	1.11	1.25	0.97

Reasons for changes in financial ratios for the most recent two years: (Analysis is not be required if such changes are within 20%.)

The decrease in debt to assets ratio, the increase in current ratio and quick ratio, the increase in turnover rate of accounts payable and the increase in average sales days in 2022 were mainly due to the decrease in accounts payable at the end of the period.

The reduction in the 2022 interest cover multiple was mainly due to the decrease in net profit before tax in the current year.

The decline of 2022 profitability plus correlation ratio was mainly due to the decrease of current net profit.

The increase in cash flow ratio and cash reinvestment ratio in 2022 was mainly due to the increase in net cash inflow from operating activities.

The increase of operating leverage in 2022 was mainly caused by the decrease of operating profit.

Note: The Company began adopting IFRS since 2012. Consolidated financial statements for each year have been audited by CPAs.

(II) Financial Analysis - Parent Company Only Financial Statements

Analysis Item	Year	Financial Analysis for the Most Recent Five Fiscal Years				
		2022	2021	2020	2019	2018
Financial structure	Debt-to-assets ratio	21.08	27.67	29.45	38.99	46.12
	Ratio of long-term capital to property, plant and equipment	478.07	490.79	398.01	311.59	279.42
Solvency	Current ratio %	255.99	200.15	162.93	213.78	159.16
	Quick ratio %	190.97	154.06	130.03	167.97	123.33
	Interest coverage ratio	81.01	452.26	210.07	20.06	10.19
Operating ability	Receivables turnover ratio (times)	8.65	9.52	7.47	7.70	9.14
	Average collection days	42	38	49	47	40
	Inventory turnover ratio (times)	13.27	16.70	15.72	18.78	18.28
	Payables turnover ratio (times)	14.49	12.35	10.28	18.24	15.22
	Average days for sale	28	22	23	19	20
	Property, plant, and equipment turnover ratio (times)	7.66	9.02	6.08	6.48	7.70
	Total asset turnover ratio (times)	1.31	1.60	1.37	1.69	2.00
Profitability	Return on assets (%)	4.23	18.92	24.02	5.77	3.08
	Return on equity (%)	5.54	26.39	36.03	9.60	5.27
	Ratio of net income before tax to paid-in capital (%) (Note 7)	14.09	64.46	66.58	13.93	7.73
	Net profit margin (%)	3.20	11.76	17.46	3.26	1.39
	Earnings per share (NT$)	1.04	4.89	5.58	1.19	0.63
Cash flows	Cash flow ratio (%)	82.33	27.88	115.44	60.98	(33.03)
	Cash flow adequacy ratio (%)	124.22	122.22	216.16	213.53	30.51
	Cash reinvestment ratio (%)	2.27	(0.62)	19.41	7.81	(7.31)
Leverage	Operating leverage	4.48	1.90	2.07	7.15	34.06
	Financial leverage	1.02	1.00	1.01	1.09	1.46

Reasons for changes in financial ratios for the most recent two years: (Analysis is not be required if such changes are within 20%.)
The decrease in debt to assets ratio, the increase in current ratio and quick ratio, and the increase in average sales days in 2022 were mainly due to the decrease in accounts payable at the end of the period.
The reduction in the 2022 interest cover multiple was mainly due to the decrease in net profit before tax in the current year.

The decrease of inventory turnover in 2022 was mainly due to the increase of average inventory. The decline of 2022 profitability plus correlation ratio was mainly due to the decrease of current net profit. The increase in cash flow ratio and cash reinvestment ratio in 2022 was mainly due to the increase in net cash inflow from operating activities. The increase of operating leverage in 2022 was mainly caused by the decrease of operating profit.

* If the Company has prepared a parent company only financial report, an analysis of the Company's parent company only financial ratios shall be prepared.

* If the financial information prepared by adopting IFRS is less than 5 years old, the financial data in the following table (2) shall be prepared separately adopting the ROC GAAP.

Note 1: The Company began adopting IFRS since 2012 and parent company only consolidated financial statements for each year have been audited by CPAs.

Note 2: Years not audited and certified by CPAs shall be noted.

Note 3: As of the publication date of the annual report, companies that have been listed or have been traded at TPEx should analyze the financial information of the most recent period audited or reviewed by CPAs.

Note 4: The table at the end of the annual report shall include the following formulas:

1. Financial structure
   (1) Debt-to-asset ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
   (3) Interest coverage ratio = income before income tax and interest expense / interest expense of the current period
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable due to business operations) turnover ratio = Net sales / Balance of average receivables (including accounts receivable and notes receivable due to business operations).
   (2) Average collection days = 365 / receivables turnover
   (3) Turnover rate of inventories = cost of sales / average inventories
   (4) Payables (including accounts payable and notes payable due to business operations) turnover ratio = Cost of goods sold / Balance of average payables (including accounts payable and notes payable due to business operations).
   (5) Average inventory turnover days = 365 / Inventory turnover ratio.
   (6) Turnover rate of property, plant and equipment = Net sales / Average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets
4. Profitability
   (1) Return on assets = [Net income + Interest expenses × (1-Tax rate)] / Average total assets.
   (2) Return on equity = Net income / Average total equity.
   (3) Net profit ratio = Net income / Net sales.
   (4) Earnings per share = (net gain or loss attributable to owners of the parent company - preferred stock dividend) / weighted average number of shares outstanding. (Note 5)
5. Cash Flows
   (1) Cash flow ratio =Net cash flow of operating activities/ Current liability
   (2) Net cash flow adequacy ratio = Net cash flow for business activities in the 5 most recent years / (capital expenditure + inventory increase + cash dividends) for the 5 most recent years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross amount of property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 6)

6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income (Note 7).
   (2) Degree of financial leverage = Operating gain /(Operating gain - Interest expense)

Note 5: In calculating earnings per share with the formula mentioned above, special attention should be paid to the following matters:
1. Based on the weighted average number of common shares, not based on the number of issued shares at the end of the year.
2. Capital increase for cash or treasury stock transactions shall be considered when the weighted average number of shares is calculated.
3. Capital increase from surplus earnings or capital reserve shall be retrospectively adjusted by the proportion of capital increase when earnings per share for previous annual and semi-annual periods are calculated. The issue period for capital increase does not have to be considered.
4. For preferred shares that are non-convertible accumulated preferred shares, dividends (regardless of whether they are distributed) shall be deducted from net income after tax or included as net loss after tax. If the preferred shares are non-cumulative in nature, where net income after taxes is available, preferred share dividends should be deducted from it. No adjustment is required if the company generates loss after taxes.

Note 6: In calculating cash flow, special attention should be paid to the following matters:
1. Net cash flow from operating activities is the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure is the annual cash outflow of capital investment.
3. The increase in inventory is counted only when the balance at the end of the period is greater than at the beginning. If the inventory decreases at the end of the year, it is considered as zero.
4. Cash dividends include cash dividends on common shares and preferred shares.
5. Gross property, plant and equipment refers to the property, plant and equipment before depreciation.

Note 7: The issuer shall classify the operating costs and operating expenses as fixed or variable according to their nature. If it involves estimation or subjective judgment, attention should be paid to its reasonableness and consistency.

Note 8: Where company shares have no par value or where the par value per share is not NT$ 10, any calculations that involve paid-up capital ratio shall be replaced with the equity ratio attributable to the owners of the parent company as stated in the balance sheet.

III. Supervisors' or Audit Committee's Review Report for the Most Recent Financial Statements

(I) Supervisory review report: Not applicable.

(II) Audit Committee's Review Report

Audit Report from the Audit Committee of Taita Chemical Company, Limited

The Audit Committee has completed the review of the 2022 financial statements (including parent company only financial statements and consolidated financial statements) and the earnings distribution plan produced by the Board of Directors and audited by CPAs Chiu, Chiu, Cheng-Chun and Huang, Hsiu-Chun from Deloitte Taiwan in accordance with the law, and found no inconsistencies. Please review the Report which has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

2023 Annual Shareholders' Meeting, Taita Chemical Company, Limited

Taita Chemical Company, Ltd.
Audit Committee

Independent Director: Chen, Tien-Wen

Independent Director: Wei, Yung-Tu

Independent Director: Li, Kuo-Hsiang

Independent Director: Juan, Chi-Ying

March 10, 2023

IV. Financial report for the most recent year: Please refer to Page 240.

V. The parent company only financial report audited by the CPAs for the most recent year: Please refer to Page 308.

VI. If The Company or its Affiliates Have Experienced Financial Difficulties in The Most Recent Fiscal Year or During The Current Fiscal Year up to The Date of Publication of The Annual Report, The Annual Report Shall Explain How Said Difficulties Will Affect The Company's Financial Situation: None.

Chapter 7. Review and Analysis of Financial Position and Financial Performance and Risk Matters

I. Financial Position

Comparison Analysis of Financial Position

Unit: NT$ thousands

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	6,006,957	7,290,336	(1,283,379)	(18)
Real property, plant and equipment	1,960,833	2,007,587	(46,754)	(2)
Intangible assets	2,279	4,094	(1,815)	(44)
Other assets	1,270,807	1,442,642	(171,835)	(12)
Total assets	9,240,876	10,744,659	(1,503,783)	(14)
Current liabilities	1,357,962	2,343,160	(985,198)	(42)
Non-current liabilities	676,700	739,686	(62,986)	(9)
Total liabilities	2,034,662	3,082,846	(1,048,184)	(34)
Share capital	3,975,868	3,786,541	189,327	5
Capital surplus	1,099	992	107	11
Retained earnings	3,020,683	3,524,977	(504,294)	(14)
Other equity	208,564	349,303	(140,739)	(40)
Total equity	7,206,214	7,661,813	(455,599)	(6)

(I) Main reasons for material changes in assets, liabilities and equity in the most recent two years (by more than 20% and NT$10 million)

1. The decrease in intangible assets was due to amortization by period.
2. The decrease in current liabilities and total liabilities was mainly due to the decrease in accounts payable at the end of the period.
3. The decrease in other equity was mainly due to the unrealized valuation loss on equity investments.

(II) Effects: No material effect.

(III) Future response plan: Not applicable.

II. Financial Performance

(I) Comparative analysis of financial performance

Unit: NT$ thousands

Year / Item	2022	2021	Amount of increase (decrease)	Percentage of increase (decrease) (%)
Sales revenue	18,083,799	20,771,165	(2,687,366)	(13)
Cost of goods sold	16,323,674	17,385,209	(1,061,535)	(6)
Gross profit	1,760,125	3,385,956	(1,625,831)	(48)
Total operating expenses	1,534,668	1,138,584	396,084	35
Net profit from operations	225,457	2,247,372	(2,021,915)	(90)
Total non-operating income and expenses	318,917	160,072	158,845	99
Profit before income tax	544,374	2,407,444	(1,863,070)	(77)
Income tax expenses	132,296	557,512	(425,216)	(76)
Net profit for the year	412,078	1,849,932	(1,437,854)	(78)

(I) Main reasons for material changes (by more than 20%) in operating revenue, operating income and income before tax in the most recent two years (where gross profit changes by more than 20%, the following analysis of changes in gross profit (loss) shall be disclosed:)

1. The decreases in gross profit, net profit, net profit before income tax and net profit for the year were mainly due to the decrease in sales price.
2. The increase in operating expenses was mainly due to the increase in marketing expenses.
3. The increase in non-operating income and expenses was mainly due to the increase in other incomes.
4. The decrease in income tax expense was mainly due to the decrease in pre-tax net profit.

(II) Sales volume forecast and basis

According to the market supply and demand, the estimated sales volume in 2023 is: the estimated sales volume of petrochemical products is about 413,000 tons, and the estimated sales volume of glass wool products is about 12,500 tons.

(III) Possible effects on the Company's financial operations in the future: None.

(IV) Response plan: Not applicable.

(II) Analysis of Changes in Gross Profit (Loss):

Unit: NT$ thousands

	Change amount	Reasons for difference			
		Price difference	Cost difference	Difference in product sales combination	Volume difference
Gross profit from sales	(1,625,831)	229,426	(1,408,220)	(1,117,816)	670,779
Description	1. Gross profit decreased by NT$1,624,996 thousand compared to last year due to the decrease in production and sales volume of ABS products and the decrease in price difference. Gross profit of GPS/IPS increased by NT$214,918 thousand compared to last year. The gross profit of EPS products decreased by NT$209,216 thousand compared to last year due to the decrease in sales volume, increase in sales volume and price difference in Qianzhen plant, and decrease in loss due to the suspension of production in Tianjin Plant due to the impact of the COVID-19 epidemic in Zhongshan and competition from peers. Gross profit increased by NT$5,926 thousand due to the increase in sales volume of glass wool. 2. Gross profit decreased by NT$584 thousand compared to last year due to the decline in sales volume after the discontinuation of production of curved surface printing. 3. Gross profit from the sale of raw materials decreased by NT$11,879 thousand.				

III. Cash Flows

(I) Analysis of changes in cash flow in the most recent year

Unit: NT$ thousands

Year	Beginning cash balance	Net cash inflow (outflow) from operating activities for the year	Other net cash inflow (outflow) for the year	Cash surplus (shortfall)	Cash inadequacy improvement plan
2022	2,598,283	1,102,890	(1,039,085)	2,662,088	N/A.

1. The net cash inflow from operating activities was mainly due to the collection of accounts receivable.
2. Other net cash outflows were mainly due to the payment of cash dividends.

(II) Improvement plan for cash shortage: Not applicable.

(III) Cash liquidity analysis for the coming year

Unit: NT$ thousands

Year	Beginning cash balance	Cash inflow for the year	Cash outflow for the year	Cash surplus (shortfall)	Cash inadequacy
2023	2,662,088	780,989	(1,148,329)	2,294,748	N/A.

IV. Impact of Major Capital Expenditures on Financial Business in the Most Recent Year

Use of significant capital expenditures and sources of funds: None.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for Coming Year

(I) Investment Policies in the Most Recent Year

We have made capital contribution to a company in mainland China to produce and sell expandable polystyrene (EPS) so as to expand the Company's product development.

(II) Main reasons for profit or loss: Not applicable.

(III) Improvement plan: Not applicable.

(IV) Investment plan for the upcoming year: None.

VI. Risk Analysis and Assessment

Risk Management Organization Structure

Key risk assessment items	Execution and responsible units	Supervision unit
1. Impact of interest rate, fluctuation in exchange, and inflation on the Company's gain and loss and future response measures	Finance Division	Audit Office
2. Policies on engaging in high-risk and high-leverage investments, provision of loans to others, making of guarantees and endorsements, and derivatives trading, major reasons for profit or loss, and future response measures		
3. Future Research and Development (R&D) Plans and the R&D expenses expected to be invested	Research and Development Division	
4. The impact of changes in important domestic and foreign policies and laws on the Company's finance and business, and the corresponding measures	Legal Division Accounting Division	
5. Impact of technological and industrial changes (including information and communication security risks) on the Company's finance and business and corresponding measures:	Information Systems Division ABS/PS Operations Department Toufen Plant	
6. The impact of changes in corporate image on the enterprise crisis management and the responding measures:	Human Resources Division	
7. Expected benefits and possible risks of merger & acquisition and the countermeasures	Finance Division	
8. Expected benefits and possible risks of expansion of plants and the countermeasures:	ABS/PS Production Department Toufen Plant	
9. Risks faced with concentrated consolidation of goods or sales and the countermeasures:	Procurement and Logistics Division ABS/PS Operations Department Toufen Plant	
10. The impact and risk of a significant transfer or replacement of equity by directors, supervisors, or major shareholders holding more than 10% of the shares on the Company and the countermeasures:	Finance Division	
11. The impact, risks and response measures for changes in management rights on the Company:	Board of Directors	

Key risk assessment items	Execution and responsible units	Supervision unit
12. For any litigious or non-litigious matters, the Company and its directors, supervisors, general managers, person with actual responsibility in the Company, and major shareholders holding more than 10 percent of the Company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the publication date of this annual report	Legal Division	
13. Climate change affects the Company's operations, finance, supply chain, policy and investment decisions, etc.	ESG Committee	
14. Responding to risks in environmental, social, and corporate governance issues	ESG Committee	

Risk management policy

(I) Impact of interest rate, fluctuation in exchange, and inflation on the Company’s gain and loss and future response measures

Item	2022 (NT$ thousands; %)
Net interest income (expenses)	35,602
Net currency exchange gain (loss)	212,808
Ratio of net interest income (expenses) to sales revenue	0.20%
Ratio of net interest income (expenses) to net income before tax	6.54%
Ratio of net currency exchange gain (loss) to sales revenue	1.18%
Ratio of net currency exchange gain (loss) to net profit before taxes	39.09%

1. Interest rate: In order to reduce the risk of interest rate fluctuation, idle funds will be invested in fixed deposit of banks, beneficiary certificates of money market funds, buy back transactions of bonds (bills) and REITs.
   Reserve Sufficient short-term funds for operational needs; For medium and long-term capital demand, when the interest rate rises, obtain medium and long-term credit from financial institutions, lock in the capital cost with fixed interest rate, avoid the risk of future interest rate rise, and cope with the long-term capital stability.
2. Exchange rates: The Company hedges its net position of foreign currency generated by operation. In addition to closely following the trend of international foreign exchange market, it also seek to avoid the risks through spot selling in the market and undertaking forward foreign exchange contracts.
3. Inflation: The main cost of the Company is the raw material cost, and the product selling price fluctuates in the same direction as the raw material cost. Continuously assess the exposure of assets and liabilities to interest rate changes to the Company.

(II) Policy Regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future:

1. Engaging in high-risk, highly-leveraged investment and lending funds to other parties:
   The Company's Regulations Governing the Acquisition and Disposal of Assets stipulates that it shall not engage in high-risk and high-leverage investments. The Company has also established the Procedures for Loaning of Funds to Others, but it is yet to implement such an operation.

2. Making of guarantees and endorsements: Endorsements or guarantees are handled in accordance with the Company's Regulations Governing Endorsements and Guarantees, and evaluation before operation and follow-up are performed.
3. Derivatives trading: The Company engages in derivative commodity trading for the purpose of avoiding operational management risks. The trading commodities are mainly undertaken as forward foreign exchange and speculative operations are not involved. In addition, the counterparties should choose reputable financial institutions to avoid credit risks.

(III) Future Research and Development (R&D) Plans and the R&D expenses expected to be invested

Type	R&D item	Current progress	R&D expenditure to be invested (NT$ thousands)	Expected year of completion	Factors affecting R&D results in the future
ABS	Development of heat-resistant grade ABS (acrylonitrile-butadiene-styrene polymer).	90%	100	2023	Processing hardware equipment raw material procurement costs and business layout based on market demand
	Addition of extrusion dehydrator to improve productivity and cake VOC removal efficiency.	60%	400	2023	Evaluation and design of processing hardware
	Butadiene emulsion polymerization-reactor stirring blade improvement, control PBDL particle size and concentration	50%	9,200	2024	Evaluation and design of processing hardware
EPS	EPS efficiency improvement (particle size concentration improvement)	70%	1,000	2023	Evaluation and design of processing hardware

Type	R&D item	Current progress	R&D expenditure to be invested (NT$ thousands)	Expected year of completion	Factors affecting R&D results in the future
	Conservative improvement of EPS products.	60%	1,000	2023	Polymerization formulation design and process hardware equipment

(IV) The impact of changes in important domestic and foreign policies and laws on the Company’s finance and business, and the corresponding measures

1. Please refer to (3) The EU Restriction of Hazardous Substances Directive (RoHS) has no impact on the Company in IV. Expenditure Related to Environmental Protection in Chapter 5. Operations Overview.
2. The Company keeps monitoring the impact of the newly applicable IFRSs, various rental incentives and other statutory updates on the Company's taxation.
3. The Company continues to assess the effects of the Anti-tax avoidance Clauses on taxation.

   For the assessment of legal risks and countermeasures, the Company has a legal department to review important contract documents, legal documents and prompt risks in advance, and provide legal advice to deal with legal affairs whenever necessary, so as to protect the Company's rights and interests and reduce the risk of default and loss. In addition, the accounting department evaluates the impacts of changes in accounting and tax-related laws and regulations on the financial operations of the Company at all times and come up with action plans. It would discuss with CPAs to make prior planning for the relevant changes.

(V) Impact of technological and industrial changes (including information and communication security risks) on the Company's finance and business and corresponding measures:

1. Risk of information technology security:

   Plant maintenance management is the core of the manufacturing industry, and its production processes and procedures are mainly managed and controlled by the Operational Technology (OT), such as the Distributed Control System (DCS) and the Supervisory Control and Data Acquisition (SCADA) system. Based on requirements such as production stability, the operating system or program itself is often not upgraded and updated after installation, and becomes the so-called Legacy System. Its security protection level is compared with that of general Information Technology (IT), such as: ERP, CRM, OA and other hardware equipment, is obviously insufficient.

2. Management measures for information technology security:

   (1) The company's internal audit department and external professional security consulting company will conduct the audit regularly. In addition, we urge the British Standards Institution (BSI), an internationally renowned certification company, to carry out the ISO 27001 certification audit every year. In addition to reviewing the information and communication security risk assessment management framework, we also provide assistance and prevention measures for internal and external issues and conduct information and communication security risk assessments and analyses.

(2) Multi-Factor Authentication (MFA) mechanism is fully enabled in the Group's mail system. Besides the first password authentication, other tools are used for the second authentication to enhance the level of security.

(3) Industrial control equipment (OT) uses Fortinet firewall, a next-generation 7-layer firewall system, to enhance the efficiency of filtering incoming and outgoing packets and effectively reduce the risk of system vulnerability exposure.

(4) Implement the management of OT equipment, set up the [Plant equipment (OT) management platform], conduct a comprehensive inventory of plant OT equipment security risks, control important equipment, and strengthen its safety protection system, so as to avoid production interruption caused by human factors and external threats and affect the operation of the process.

(5) External consultants are engaged to conduct vulnerability scanning for operating systems, such as servers, every year to identify potential risks and modify systems or propose compensatory measures.

(6) Enhance personnel information security management, prevent hacking or data leakage, and organize at least four hours of information security education and training for the information personnel conduct every year.

(VI) The impact of changes in corporate image on the enterprise crisis management and the responding measures:

The Company always upholds the principles of professionalism and integrity. The Company pays close attention to corporate governance and fulfill corporate social responsibility. Therefore, there is no foreseeable risk associated with changes in corporate image.

(VII) Expected benefits and possible risks of merger & acquisition and the countermeasures

There has been no merger and acquisition implemented by the Company in the most recent year up to the date of publication of the Annual Report.

(VIII) Expected benefits and possible risks of expansion of plants and the countermeasures:

The Company had no plant expansion plan in the most recent fiscal year up to the publication date of this Annual Report. In order to expand the product development of the Company, after careful evaluation, the subsidiary TAITA (BVI) Holding Co., Ltd will invest and set up the company Zhangzhou Taita Chemical Co., Ltd. in Gulei Port Economic Development Zone, Zhangzhou, Fujian Province to engage in EPS business.

(IX) Risks faced with concentrated consolidation of goods or sales and the countermeasures:

The Group had no customer whose sales accounted for more than 10% of the total sales in FY2022.

In addition, the bulk raw materials are widely dispersed and easily available in the spot market, so there is no concentration risk.

(X) The impact and risk of a significant transfer or replacement of equity by directors, supervisors, or major shareholders holding more than 10% of the shares on the Company and the countermeasures: None.

(XI) The impact, risks and response measures for changes in management rights on the Company:

There have been no changes in management control at the Company in the most recent fiscal year up to the publication date of this annual report.

(XII) For any litigious or non-litigious matters, the Company and its directors, supervisors, general managers, person with actual responsibility in the Company, and major shareholders holding more than 10 percent of the Company's shares, shall be disclosed. If there has been any substantial impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company that has been finalized or has remained pending, the report shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case as of the publication date of this annual report

Significant litigious, non-litigious or administrative disputes that have been decided or are still pending in the most recent fiscal year up to the publication date of this annual report:

(1) The Company: None.

(2) Directors, Supervisors, General Managers, person with actual responsibility in the Company, and major shareholders holding more than 10% of the Company's shares: None.

(3) Investee companies adopting equity method:

The Group's investee company CGTD Corporation (hereinafter referred to as CGTD) adopting equity method was entrusted to operate the propylene pipeline of LCY CHEMICAL CORP. (hereinafter referred to as LCY), experienced a gas explosion on the evening of July 31, 2014. The criminal part of the gas explosion case was rejected by the Supreme Court on September 15, 2021, and the 3 employees of CGTD were found innocent.

CGTD reached an agreement with Kaohsiung City Government on February 12, 2015 and pledged a term deposit NT$228,904 thousand (including interest) to the Government as a guarantee for losses caused by the gas explosions. Kaohsiung City Government has also filed civil lawsuits against LCY, CGTD and CPC Corporation. Taiwan Power

Company applied for provisional attachment against CGTD's property on August 27 and November 26, 2015. CGTD had deposited cash of NT$ 99,207 thousand to the court to avoid provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD's property on February 3 and March 2, 2017. As of March 31, 2023, the worth of the provisionally attached properties were approx. NT$11,161 thousand.

For the victims of the gas explosion, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement for severe injuries on July 17, 2015 agreeing to negotiate the compensation first with the 32 severely injured victims, agreeing to negotiate compensation in advance for all the heirs and claimants of the 32 victims (hereinafter referred to as "the families of the victims"), paying the families of the victims NT$12,000 thousand for each victim, with a total settlement of NT$384,000 thousand. LCY paid the compensation first and also represented the three parties in the settlement negotiation and the signing of settlement agreements with the family of the deceased. In addition, CGTD agreed to pay NT$157,347 thousand to LCY Chemical Corp. in accordance with the 30% liability ratio of the first trial verdict in this case on August 10, 2022 according to the three-party agreement, and make up the difference according to the liability ratio determined in accordance with the civil litigation.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims' families.

As of March 31, 2023, victims and their families have filed civil (including supplementary civil action) lawsuits against LCY Chemical Corp., CGTD and CPC Corporation for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim of NT$46,677 thousand, and the amount of the settlement was NT$4,519 thousand. The compensation amount still in the lawsuit and the settlement amount for the victims and the seriously injured as mentioned in the previous paragraph amounted to $3,856,447 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately NT$1,440,672 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY Chemical Corp. and CGTD is 4:3:3 in most judgments. The total amount of compensation that CGTD, LCY Chemical Corp. and the other defendants should pay is around NT$401,979 thousand (in particular, CGTD was exempted from paying NT$6,194 thousand according to the court's judgment). For the civil cases in which sentence has been pronounced but not settled, CGTD has filed an appeal and has successively proceeded to the second-instance procedure. The remaining cases are still pending before the Court of First Instance (the amount of compensation sought is approximately NT$1,882,829 thousand). CGTD and its insurance company signed a settlement agreement, covering the proportion of the liability for negligence determined in the first-instance judgment, the estimated amount of the settlement with the victims and the severely injured, and the amount of compensation in civil cases (including cases that have been settled); after the upper limit of insurance claims is deducted, the estimated amount that should be borne by CGTD and has been recognized is NT$136,375 thousand. However, the actual amount of the aforementioned relevant settlements and compensation will not be confirmed until the proportion of the liabilities that should be borne by CGTD is determined in the civil case judgment in the future.

(XIII) Climate change affects the Company's operations, finance, supply chain, policy and investment decisions, etc.

1. **Identification of climate change risks and opportunities**

The Company's ESG Committee, chaired by an independent director, is the highest body for climate change management. It reviews the Company's climate change strategy and goals, manages climate change risks and opportunities, and reviews the status of implementation annually, and reports to the Board of Directors. The framework provided by the Task Force on Climate-related Financial Disclosures (TCFD) is used to identify climate-related risks and opportunities, assess risks and opportunities from different divisions, evaluate financial impacts and develop response plans, with a full assessment planned to be reopened every three years and reviewed annually. The complete assessment is planned to be restarted every three years and updated annually, with the assessment recently completed in 2021.

In the face of the increasing operational impact caused by climate change, the Company prudently faces any possible risks and grasped possible new business opportunities. In recent years, it has actively implemented energy-saving and carbon reduction improvement programs, improved production capacity and efficiency, replaced old equipment and replaced efficient energy saving equipment, and spared no effort in investment. The TCFD methodology is used to identify the five major risks and five major opportunities in the operating process, and to assess the timing of impacts for differentiation. In the future, we will review our actions on an annual basis to build a resilient climate change culture.

The identification results of climate change risk and opportunity items are shown in the table below:

Type	Short-term (< 3 years)	Medium-term (3~5 years)	Long-term (> 5 years)
Physical risk	…	• Increased severity of extreme weather events	• Rainfall patterns and extreme climate change • Rising average temperatures
Transformation risk	…	• Increased pricing of Greenhouse gas emissions • Strengthened emissions reporting obligations	…
Opportunities	…	• Participation in renewable energy programs and adoption energy conservation measures • Usage of more efficient production and distribution processes • Recycling • Use of low-carbon energy sources • Reduced water utilization and consumption	…

2. Potential financial impact of risks and opportunities

(1) Physical risk

Climate related risks	Potential financial impact	Company description	Corresponding measures
Rainfall patterns and extreme climate change	Reduced revenue	• Changes in rainfall patterns, such as typhoons and flooding, will increase the chance of damage to plants and equipment, resulting in business interruptions.	• Installation of water recycling system • Replace highly water-consuming equipment • Planning disaster insurance
Increased severity of extreme weather events	Reduced revenue	• When there is no rain for a long time, the reservoir stock will be tight, leading to water restrictions and shortages. Flooding caused by typhoons and heavy rainfall will cause interruptions in operations.	• Increase flood prevention and drainage facilities • Monitoring of water conditions and emergency response procedures • Backup water source planning
Rising average temperatures	Increased operating costs	• In the event of seawater back-up, flooding, or other disasters, the Company's operations may be interrupted	• Raise foundation of key equipment • Increase flood prevention and drainage facilities • Flood potential assessment of new equipment sites

(2) Transformation risk

Climate related risks	Potential financial impact	Company description	Corresponding measures
Increased pricing of Greenhouse gas emissions	Increased operating costs	• It is expected to be impacted by the Climate Change Act, and a carbon fee will be imposed due to the implementation of the domestic carbon fee mechanism	• Set 27% carbon reduction target by 2030 • The Group to establish a green power team to actively build and negotiate green power • Replace the old equipment and improve energy efficiency

Climate related risks	Potential financial impact	Company description	Corresponding measures
Strengthened emissions reporting obligations	Increased operating costs	• We have been conducting voluntary GHG accountings for several years, and the 3 plants in Taiwan have been conducting GHG accountings and verifications in accordance with the ISO14064-1 standard since 2022	• Conduct annual GHG accounting and verification operations • Gradually expand the scope to subsidiaries of the consolidated financial statements

(3) Opportunities

Climate-related opportunities	Potential financial impact	Company description	Corresponding measures
Recycling	High input costs in the first phase, but lower operating costs in the subsequent years	• The recovery and reuse of general business waste accounted for 56.32%, 21.75% for other recyclables and 34.57% for sludge recycling	• Recycle the product powder from the wastewater in the process area to the process for reuse • Invest in sludge drying equipment to reduce sludge moisture content
Participation in renewable energy programs and adoption energy conservation measures	High input costs on carbon reduction technology in the first phase, but lower operating costs in the subsequent years	• Evaluate multiple sources of electricity to replace high carbon emission sources of electricity	• Engage in the renewable energy sales industry • Develop self-built solar energy field • Pay attention to and engage in the electricity market
Reduction of water utilization and consumption	Reduced operating costs	• Improve water conservation and wastewater recycling through process improvement • Include water use in monthly key performance indicator monitoring, conduct	• Invest in wastewater recovery facilities • Improvement of process equipment and operation to reduce steam volume • Continuously develop reduction plans for water consumption

Climate-related opportunities	Potential financial impact	Company description	Corresponding measures
		statistical analysis and comparison of water use, and immediately investigate and improve any abnormal water use	
Usage of more efficient production and distribution processes	Increased revenue	• By optimizing equipment and operation, increase production, improve energy efficiency per unit product, and reduce greenhouse gas emissions	• Implement an annual 1% power saving improvement plan to improve energy efficiency through process methods and equipment improvements
Use of low-carbon energy sources	Increased operating costs	• Evaluate multiple sources of electricity to replace high carbon emission sources of electricity	• Meet regulatory obligations by 2025 as planned by the Group, procure green electricity • Develop self-built solar energy field

(XIV) Responding to risks in environmental, social, and corporate governance issues

Material Issue	Risk evaluation item	Risk Management Policy or Strategy
Environment	Management of the environment	Establish environmental protection impact and grievance channels
	Environmental protection	Produce in accordance with the requirements of laws and regulations, improve water resource efficiency, reduce air pollutant emissions, and promote waste reduction and material circulation projects
	Climate change	Establish a group green power group and set carbon reduction targets by 2030. Formulate and promote various energy-saving and carbon reduction plans in the factory area
Society	Employee welfare	Provide employees with welfare measures and a safe and healthy work environment

Material Issue	Risk evaluation item	Risk Management Policy or Strategy
	Social responsibility	Sponsor and participate community welfare activities
	Product responsibility	Establish MSDS for products as guidance for customers' use Require suppliers to jointly abide by environmental protection and occupational safety and health policies
Corporate Governance	Shareholder equity	The Company assigns dedicated personnel to handle its shares-related affairs to ensure quality and efficiency.
	Stakeholders	Set up stakeholder areas and respond to issues of concern to stakeholders
	Information disclosure	Appoint a spokesperson system to disclose financial and non-financial information on the Company's website

VII. Other Material Matters

The Company's Key Performance Indicators

(I) Disaster-free Working Hours

Cumulative disaster-free working hours at each plant as of December 31, 2022:

2,317,911 hours; Linyuan Plant: 1,403,078 hours Toufen Plant: 1,047,474 hours; Zhongshan Plant: 2,076,333 hours.

(II) Equipment Operating Rate

Equipment operating rate for products in 2022:

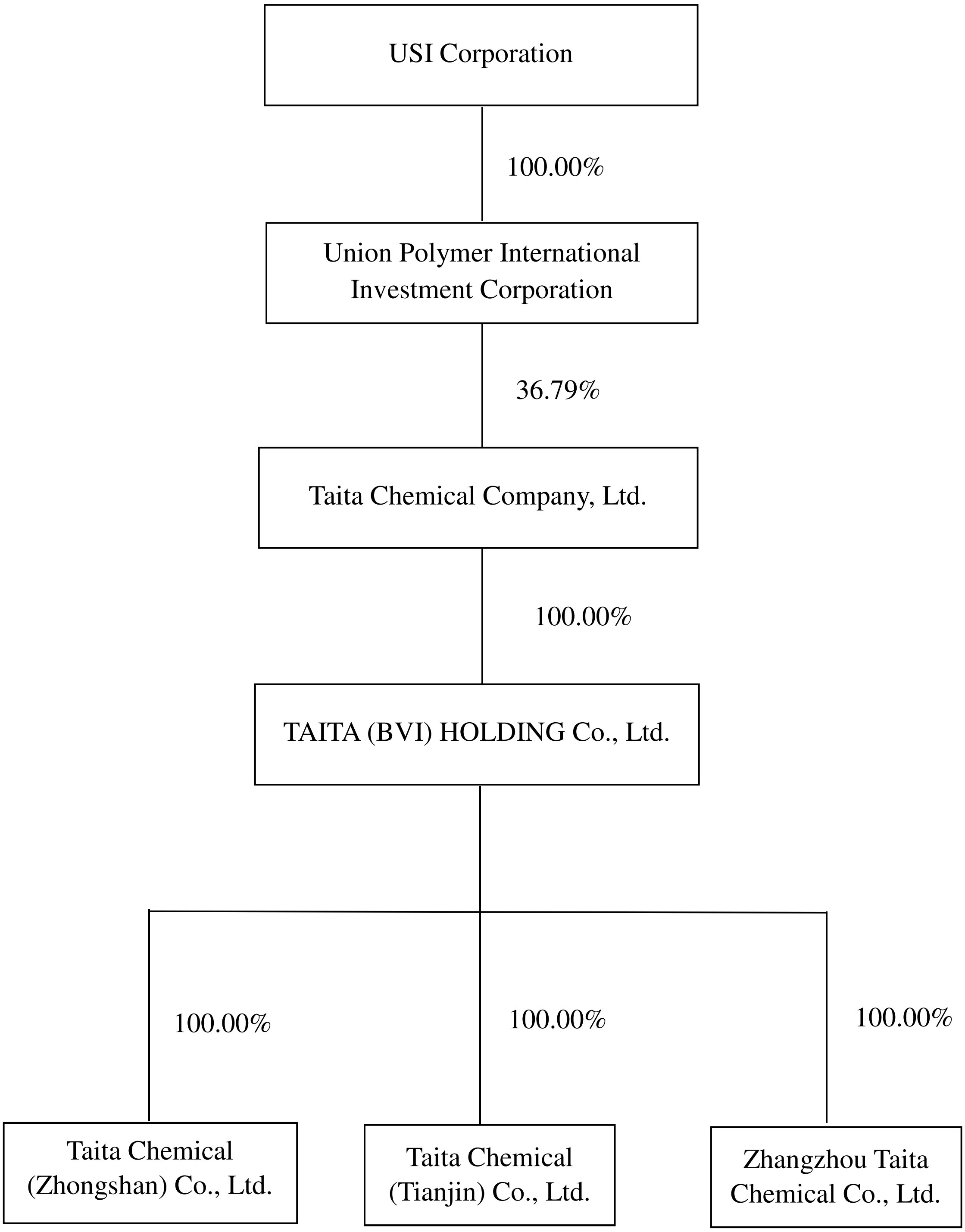
75.9% for ABS/SAN, 92.9% for GPS, 96.5% for EPS, 95.7% for Glasswool and 79.3% for Zhongshan Plant.

Chapter 8. Special Notes

I. Information on affiliates:

(I) Consolidated Business Report of Affiliates

1. Organizational Chart of Affiliates



2. Basic Information of Affiliated Companies

Unit: NT$ thousands

Name of company	Date of Incorporation	Address	Paid-in Capital	Major Lines of Business or Products
1. TAITA (BVI) HOLDING Co., Ltd. Taita (BVI) Holding Co., Ltd.	1997.4.10	CITCO Building, Wickhams CAY.P.O Box 662 Road Town, Tortola, British Virgin Island	2,755,854 (US$89,738,000)	Investment holding company
2. Taita Chemical (Zhongshan) Co., Ltd.	1999.03.24	No. 1, Jiangdong 2nd Road, Zhongshan Torch Hi-Tech Industrial Development Zone, Zhongshan City, Guangdong Province, China	1,420,338 (US$46,250,000)	Production and sale of expanded polystyrene (EPS) polymer derivatives
3. Taita Chemical (Tianjin) Co., Ltd.	2003.11.27	No. 8, Hengshan Road, Tianjin Economic-Technological Development Area, Tianjin, China	839,919 (US$27,350,000)	Production and sale of expanded polystyrene (EPS) polymer derivatives
4. ZHANGZHOU TAITA CHEMICAL CO., LTD	2021.06.28	No.569, South Shugang Avenue, Gulei Town, Guleigang Economic Development Zone, Zhangzhou City, Fujian Province	1,491,879 (US$48,580,000)	Production and sale of expanded polystyrene (EPS) polymer derivatives

3. Profile of the same shareholders where they are deemed to have controlling or affiliation relationship: N/A.

4. Businesses Engaged by Affiliated Companies and Their Relationships

Industry	Name of Affiliates	Business Relationship with Other Affiliated Companies
Holding company	TAITA (BVI) HOLDING Co., Ltd.	None
Petrochemical industry	Taita Chemical (Zhongshan) Co., Ltd.	None
Petrochemical industry	Taita Chemical (Tianjin) Co., Ltd.	None
Petrochemical industry	ZHANGZHOU TAITA CHEMICAL CO., LTD	None

5. Information on Directors, Supervisors and General Managers of Affiliated Companies

December 31, 2022
Unit: Share; %

Name of company	Title	Name or Representative	Number of shares held by the person/ Shareholding percentage	Number and proportion of shares held by the legal person represented
TAITA (BVI) HOLDING Co., Ltd. (Taita BVI Holding Co.,	Director	Wu, Yi-Gui	0/0	—
	Director	Ko, I-Shao	0/0	—
	Director	Wu, Pei-Chi	0/0	—
	Director	Yang, Wen-Li	0/0	—
Taita Chemical (Zhongshan) Co., Ltd.	Chairman	Wu, Pei-Chi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital contribution USD46,250,000/100
	Director	Chang, Te-Wei (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Yang, Wen-Li (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Kan, Lin (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Yen, Tai-Ming (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Ya-Yi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Yen, Tai-Ming	0/0	—
Taita Chemical (Tianjin) Co., Ltd.	Chairman	Wu, Pei-Chi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital contribution USD27,350,000/100
	Director	Yen, Tai-Ming (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Kan, Lin (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Ya-Yi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Yen, Tai-Ming	0/0	—
ZHANGZHOU TAITA CHEMICAL CO., LTD	Chairman	Wu, Pei-Chi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	Capital contribution USD48,580,000/100
	Director	Yen, Tai-Ming (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Director	Yang, Wen-Li (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	Supervisor	Huang, Ya-Yi (appointed by Taita (BVI) Holding Co., Ltd.)	0/0	
	General Manager	Yen, Tai-Ming	0/0	—

6. Operating Status of Affiliated Companies

Unit: NT$ thousands

Name of company	Capital contribution	Total assets	Total liabilities	Net value	Operating revenue	Profit from operations	Current profit and loss (after tax)	Earnings (loss)per share (NT$) (after taxes)
TAITA (BVI) HOLDING Co., Ltd.	2,755,854	3,150,738	6,385	3,144,353	---	(5,072)	(37,084)	(0.41)
Taita Chemical (Zhongshan) Co., Ltd.	1,420,338	1,928,577	101,913	1,826,664	5,216,362	(45,091)	(19,457)	-
Taita Chemical (Tianjin) Co., Ltd.	839,919	132,204	284,901	(152,697)	---	(24,701)	(37,119)	-
ZHANGZHOU TAITA CHEMICAL CO., LTD	1,491,879	1,368,826	3,343	1,365,483	---	(4,364)	12,104	-

(II) Consolidated Financial Statements of Affiliates

Statement of Consolidated Financial Statements of Affiliated Companies

In 2022 (from January 1 to December 31, 2022), the "companies" required to be included in the consolidated financial statements of affiliates under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standards No. 10 (IFRS 10), and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the proceeding consolidated financial statements of parent and subsidiary companies, thus the Company is not required to prepare separate consolidated financial statements of affiliates.

Sincerely,

Company Name: Taita Chemical Company, Ltd.

Chairman: Wu, Yi-Gui

March 3, 2023

(III) Affiliation Report

1. Statement of Affiliation Report

Statement of Affiliation Report

It is hereby declared that the Company's 2022 Affiliation Report (from January 1 to December 31, 2022) has been prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises. No material inconsistency has been found between the information disclosed and the relevant information disclosed in the notes to the financial statements for the aforementioned period.

Sincerely,

Company Name: Taita Chemical Company, Ltd.

Chairman: Wu, Yi-Gui

March 3, 2023

2. Independent Auditor's Opinion on Affiliation Report

Reference No. Q.S. 11202206 dated March 15, 2023

Attn.: Taita Chemical Company, Ltd.

Subject: CPA opinion on the 2022 Statement of Affiliation Report prepared by your Company, in which no material inconsistency has been found

Explanation:

I. Your Company stated that the affiliation reports for the fiscal year of 2022 (from January 1 to December 31, 2022) prepared on March 3, 2023 were prepared in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and the disclosed information is not materially inconsistent with the information disclosed in the notes to the financial statements of the above-mentioned period. The statement is as attached.

II. We have audited the affiliation report in accordance with the Criteria Governing Preparation of Affiliation Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and compared the report to your Company's financial statements for year 2022. No material inconsistency has been found in the abovementioned statement.

Deloitte, Taiwan

CPA Chiu, Cheng-Chun

CPA Huang, Hsiu-Chun

3. Overview of the relationship between the affiliated company and the controlling company

Unit: Share; %

Name of Controlling Company	Reasons for Control	Shares Held and Pledged by Controlling Company			Appointment of Personnel by the Holding Company as Directors, Supervisors or Managerial Officers	
		Number of Shares Held	Percentage of Shares Held	Number of Shares Pledged	Title	Name
Shing Lee Enterprise (Hong Kong) Limited	The major shareholder and representative of USI was elected as chairman	0	0%	0	-	None
USI Corporation	The major shareholder has the same parent company and chairman as the Company	0	0%	0	-	None
Union Polymer International Investment Corporation	Substantial shareholder	146,263,260	36.79%	0	Chairman Director	Wu, Yi-Gui Wu, Pei-Chi

4. Purchase and sales transactions:

Unit: NT$ thousands; %

Name of Controlling Company	Transactions With Controlling Company				Transaction Terms with Controlling Company		Normal Transaction Terms		Reasons for difference	Accounts Receivable (Payable), Notes Receivable (Payable)		Overdue Accounts Receivable			Notes
	Purchase (Sales)	Amount	Percentage of Total Purchases (Sales)	Gross profit from sales	Unit Price (NT$)	Payment Terms	Unit Price (NT$)	Payment Terms		Balance	Percentage of Total Accounts and Notes Receivable (Payable)	Amount	Action Taken	Allowance for Doubtful Accounts	
USI Corporation	Sales	14,065	0.08%	423	35.9-36.5	30 days after closing day	34.2 – 36.5	30 days after closing day	None	0	0%	-	-	-	-

5. Property transactions:

Type of transaction (acquisition or disposal)	Name of property	Date of transaction or date of occurrence	Transaction amount	Delivery or payment terms	Price received or paid	Gains or losses on disposal (Note 1)	Reasons why the counterparty is the controlling company	Previous transfer of information (Note 2)				Transaction determination method (Note 3)	Reference basis for price determination	Purpose of acquisition or disposal and the circumstances of use	Other contractual matters
								Owner	Relationship with the Company	Date of transfer	Amount				
Disposal	Polymerization test factory equipment, etc.	2022/5	6,588	N/A.	Pay 30 days after delivery	None	Pending overall consideration	Manufacturers such as Hsin Chang	None	2015/2 ~2016/3	9,631	Approved by the Chairman	Carrying amount	Device transfer	None

Note 1: Not required for acquisition of property.

Note 2: (1) For acquisition of property, the original acquisition information of the controlling company should be shown; for disposal of property, the original acquisition information of the subsidiary company should be shown.

(2) The "Relationship with the Company" column should indicate the owner, the subsidiary and the relationship between the owner and the controlling company.

(3) If the counterparty of the previous transfer transaction is a related party, the related party's previous transfer information should be listed in the same column.

Note 3: The decision level of the transaction should be stated.

6. Capital facilities: None.

7. Asset leasing:

Unit: NT$ thousands

Name of Controlling Company	Transaction type (leased or rented)	Subject		Lease Term	Nature of Lease	Rent determination basis	Collection (Payment) Method	Comparison with General Rent Levels	Total rent for the current period	Payment for the period	Other contractual matters
		Name	Location								
USI Corporation	Lessor	Office and equipment	No. 5, Gongye 1st Road, Linyuan District, Kaohsiung City	2020.9 -2022.4	Operating lease	Market price	Collect every six months	Comparable	487	Normal	None
USI Corporation	Lessee	Office and parking spaces	6th to 12th Floor, No. 37 and No.39, Jihu Road, Taipei City	2020.5 ~2022.4 2022.5 ~2024.4	Operating lease	Market price	Monthly payment	Comparable	5,245	Normal	None

8. Endorsements and guarantees: None

II. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.

IV. Other Supplementary Information: None.

V. Occurrence of Any Events that have Significant Impact on the Shareholders' Rights or Securities Prices as Stated in Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act during the Most Recent Years and up to the Date of Publication of the Annual Report: Non

INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Shareholders

Taita Chemical Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in the professional judgment of the CPA, were of most significance in our audit of the Consolidated Financial Statements of Taita Chemical Co., Ltd. and its subsidiaries in 2022. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and The CPA do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of the Taita Chemical Co., Ltd. and its subsidiaries in 2022 are stated as follows:

The authenticity of the Recognition of Sales Revenue from Clients of Specific Products

Due to the market demand and the fluctuation of international crude oil prices, the sales revenue of the Taita Chemical Co., Ltd. and its subsidiaries declined in 2022 compared with that in 2021. However, the sales revenue of specific products in 2022 showed a growing trend, and the sales revenue from some clients has increased significantly in great amounts. Whether these sales revenues are recognized when the contractual obligations are actually met will have a significant impact on the financial statements and is therefore the key audit matter for the year.

For relevant accounting policies and disclosures of the recognition of sales revenue, please refer to Notes 4 and 24 of the financial statements.

We performed the corresponding audit procedures, for the authenticity of the recognition of sales revenue, as follows:

1. We understood and test the Company's internal control procedures on the recognition of sales revenue and its effectiveness. Also, we evaluate the appropriateness of the accounting policies used by the management for the recognition of sales revenue.
2. We verify the authenticity of the recognition of sales revenue by examining the certificate of sales transactions, including purchase orders, shipping orders, export documents and collection information.
3. We review any occurrence of sales returns, discounts and allowances, and whether there are any abnormalities in the collections after the balance sheet date.

Other Matters

The CPA has also audited the Parent Company Only Financial Statements of the Taita Chemical Co., Ltd. for 2022 and 2021, on which the CPA has issued an unqualified opinion about the audit report.

The responsibilities of the management and governing body for the Consolidated Financial Statements

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing fair-presentation Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law, and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

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

The governing body including the audit committee is responsible for overseeing the financial reporting process of the Taita Chemical Co., Ltd. and its subsidiaries.

The CPA's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Taita Chemical Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Taita Chemical Co., Ltd. and its subsidiaries to continue as a going concern. If the CPA concludes that a material uncertainty exists, the CPA is required to draw attention in our audit report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Taita Chemical Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.
6. Obtain sufficient and appropriate audit evidence of the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial report. The CPA is responsible for the guidance, supervision and implementation of the audit cases, and is responsible for forming the audit opinions of the Company.

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

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

From the matters communicated with the governing body, The CPA determines the key audit matters of the Consolidated Financial Statements in 2022 of the Taita Chemical Co., Ltd. and its subsidiaries. The CPA describes these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the CPA determines that a matter should not be communicated in the audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA Chiu, Cheng-Chun	CPA Huang, Hsiu-Chun
Financial Regulatory Commission (FRC) Approval Number Financial Regulatory Commission (FRC) certificate No. 0930160267	Securities and Futures Commission Approval Number Securities and Futures Commission certificate No. 0920123784

March 10, 2023

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Chiu, Cheng-Chun and CPA Huang, Hsiu-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 2,662,088	29	$ 2,598,283	24
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	415,053	4	695,975	7
1140	Financial assets at amortized cost - current (Notes 4, 9 and 31)	5,000	-	3,809	-
1150	Notes receivable (Notes 4 and 10)	157,026	2	255,365	2
1170	Accounts receivable (Notes 4, 5 and 10)	1,485,302	16	2,213,149	21
1200	Other receivables (Notes 4 and 10)	87,821	1	112,786	1
1210	Other receivables from related parties (Notes 4, 10 and 30)	3,158	-	3,536	-
1220	Current tax assets (Notes 4 and 26)	9,538	-	-	-
130X	Inventories (Notes 4, 5 and 11)	951,018	10	1,185,759	11
1410	Prepayments and other current assets	230,953	3	221,674	2
11XX	Total current assets	6,006,957	65	7,290,336	68
	Non-current Assets				
1517	Financial assets at fair value through other comprehensive incomes - non-current (Notes 4 and 8)	333,942	3	476,731	4
1550	Investments accounted for using equity method (Notes 4, 5 and 13)	643,709	7	693,810	6
1600	Property, Plant and Equipment (Notes 4, 14, 18, 30 and 31)	1,960,833	21	2,007,587	19
1755	Right-of-use assets (Notes 4, 15, 18, 30 and 31)	68,046	1	73,370	1
1760	Investment properties (Notes 4 and 16)	108,178	1	108,178	1
1780	Intangible assets (Notes 4 and 17)	2,279	-	4,094	-
1840	Deferred tax assets (Notes 4 and 26)	59,573	1	65,703	1
1990	Other non-current assets (Notes 31)	57,359	1	24,850	-
15XX	Total non-current assets	3,233,919	35	3,454,323	32
1XXX	Total assets	$ 9,240,876	100	$ 10,744,659	100

Code	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Liabilities				
2100	Short-term borrowings (Notes 14, 15, 18 and 31)	$ 150,000	2	$ 350,000	3
2170	Accounts payable (Note 19)	645,769	7	1,029,476	10
2180	Accounts payable from related parties (Notes 19 and 30)	657	-	28	-
2200	Other payables (Note 20)	297,925	3	429,580	4
2220	Other payables from related parties (Note 30)	5,094	-	6,795	-
2230	Current tax liabilities (Notes 4 and 26)	144,807	2	456,961	4
2280	Lease liabilities - current (Notes 4, 15 and 30)	4,614	-	4,564	-
2365	Refund liabilities - current (Note 21)	1,102	-	897	-
2399	Other current liabilities	107,994	1	64,859	1
21XX	Total current liabilities	1,357,962	15	2,343,160	22
	Non-current Liabilities				
2540	Long-term borrowings (Note 18)	300,000	3	300,000	3
2570	Deferred tax liabilities (Notes 4 and 26)	209,100	2	209,012	2
2580	Lease liabilities - non-current (Notes 4, 15 and 30)	33,760	-	38,374	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 22)	127,716	2	186,419	2
2670	Other non-current liabilities	6,124	-	5,881	-
25XX	Total non-current liabilities	676,700	7	739,686	7
2XXX	Total liabilities	2,034,662	22	3,082,846	29
	Equity attributable to owners of the Company (Notes 13, 22 and 23)				
	Capital stock				
3110	Common stock	3,975,868	43	3,786,541	35
3200	Capital surplus	1,099	-	992	-
	Retained earnings				
3310	Legal reserve	457,804	5	273,706	3
3320	Special reserve	308,061	3	308,061	3
3350	Unappropriated earnings	2,254,818	25	2,943,210	27
3300	Total retained earnings	3,020,683	33	3,524,977	33
3400	Other equity	208,564	2	349,303	3
3XXX	Total equity	7,206,214	78	7,661,813	71
	Total liabilities and equity	$ 9,240,876	100	$ 10,744,659	100

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Chiu, Cheng-Chun and CPA Huang, Hsiu-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
In Thousands of New Taiwan Dollars, Except Earnings per share

		2022		2021	
Code		Amount	%	Amount	%
4100	NET REVENUE (Notes 4, 21, 24 and 30)	$ 18,083,799	100	$ 20,771,165	100
5110	COST OF GOODS SOLD (Notes 11, 22, 25 and 30)	16,323,674	90	17,385,209	84
5900	GROSS PROFIT	1,760,125	10	3,385,956	16
	Operating expenses (Notes 10, 22, 25 and 30)				
6100	Selling and marketing expenses	1,332,808	8	953,213	4
6200	Administrative expenses	184,317	1	168,522	1
6300	Research and development expense	15,312	-	18,546	-
6450	Expected credit impairment loss (gain)	2,231	-	(1,697)	-
6000	Total operating expenses	1,534,668	9	1,138,584	5
6900	Profit from operations	225,457	1	2,247,372	11
	Non-operating income and expenses (Notes 7, 13, 16, 25 and 30)				
7100	Interest income	42,437	-	41,853	-
7010	Other income	90,742	1	71,396	-
7020	Other gains and losses	189,912	1	(22,902)	-
7060	Share of profit of associates	2,661	-	74,888	1
7510	Finance costs	(6,835)	-	(5,163)	-
7000	Total non-operating income and expenses	318,917	2	160,072	1

(Continued on the next page)

(Continued from the previous page)

Code		2022 Amount	2022 %	2021 Amount	2021 %
7900	Profit before income tax	$ 544,374	3	$ 2,407,444	12
7950	Income tax expense (Note 4 and 26)	132,296	1	557,512	3
8200	Net profit for the year	412,078	2	1,849,932	9
	Other comprehensive income(loss) (Notes 8, 13, 22, 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	31,140	-	(10,886)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive incomes	(142,789)	-	135,234	1
8320	Share of the other comprehensive profit or loss of associates accounted for under equity method - unrealized profit or loss on investments in equity instruments at fair value through other comprehensive profit or loss	(31,941)	-	36,974	-
8330	Share of the other comprehensive profit or loss of associates accounted for using the equity method - remeasurement of defined benefit plans	5,351	-	(247)	-
8349	Income tax related to components that will not be reclassified to profit or loss	(6,228)	-	2,177	-
		(144,467)	-	163,252	1

(Continued on the next page)

(Continued from the previous page)

Code		2022 Amount	2022 %	2021 Amount	2021 %
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	$ 39,679	-	($ 20,716)	-
8371	Share of other comprehensive loss of associates accounted for under the equity method - exchange difference resulting from translating the financial statements of foreign operations	2,511	-	(2,734)	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	(8,199)	-	4,559	-
		33,991	-	(18,891)	-
8300	Other comprehensive incomes(loss) for the year (net of income tax)	(110,476)	-	144,361	1
8500	Total comprehensive income for the year	$ 301,602	2	$ 1,994,293	10
	Earnings per share (Note 27)				
9710	Basic	$ 1.04		$ 4.65	
9810	Diluted	$ 1.04		$ 4.64	

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Chiu, Cheng-Chun and CPA Huang, Hsiu-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

		Equity attributable to the owners of the Company (Notes 13, 22 and 23)												
											Other equity			
		Capital stock		Capital surplus			Retained earnings							
Code		Shares (in Thousands)	Amount	Long-term equity investment	Other capital surplus	Total	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange Differences on Translating the Financial Statements ofForeign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
A1	Balance at January 1, 2021	344,231	$ 3,442,310	$ 520	$ 296	$ 816	$ 81,781	$ 308,061	$ 2,326,852	$ 2,716,694	($ 125,641)	$ 321,627	$ 195,986	$ 6,355,806
	Appropriation of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	191,925	-	(191,925)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(688,462)	(688,462)	-	-	-	(688,462)
B9	Share dividends distributed by the Company	34,423	344,231	-	-	-	-	-	(344,231)	(344,231)	-	-	-	-
T1	Changes in capital surplus	-	-	33	143	176	-	-	-	-	-	-	-	176
D1	Net profit for the year ended December 31,2021	-	-	-	-	-	-	-	1,849,932	1,849,932	-	-	-	1,849,932
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(8,956)	(8,956)	(18,891)	172,208	153,317	144,361
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	1,840,976	1,840,976	(18,891)	172,208	153,317	1,994,293
Z1	Balance at December 31, 2021	378,654	3,786,541	553	439	992	273,706	308,061	2,943,210	3,524,977	(144,532)	493,835	349,303	7,661,813
	Appropriation of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	184,098	-	(184,098)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(757,308)	(757,308)	-	-	-	(757,308)
B9	Share dividends distributed by the Company	18,933	189,327	-	-	-	-	-	(189,327)	(189,327)	-	-	-	-
T1	Changes in capital surplus	-	-	107	-	107	-	-	-	-	-	-	-	107
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	412,078	412,078	-	-	-	412,078
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	30,263	30,263	33,991	(174,730)	(140,739)	(110,476)
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	442,341	442,341	33,991	(174,730)	(140,739)	301,602
Z1	Balance at December 31, 2022	397,587	$ 3,975,868	$ 660	$ 439	$ 1,099	$ 457,804	$ 308,061	$ 2,254,818	$ 3,020,683	($ 110,541)	$ 319,105	$ 208,564	$ 7,206,214

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Chiu, Cheng-Chun and CPA Huang, Hsiu-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

Code		2022	2021
	Cash flows from operating activities		
A10000	Profit before income tax	$ 544,374	$ 2,407,444
A20010	Adjustments		
A20100	Depreciation expenses	206,813	199,749
A20200	Amortization expenses	1,815	1,752
A20300	Expected credit impairment losses (reversal gains)	2,231	(1,697)
A20400	Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	18,547	(1,254)
A20900	Financial costs	6,835	5,163
A21200	Interest income	(42,437)	(41,853)
A21300	Dividend income	(36,705)	(19,077)
A22300	Share of profit of associates	(2,661)	(74,888)
A22500	Loss (Gain) on Disposal and Retirement of Property, Plant and Equipment	(2,391)	729
A23200	Gains on disposal on investments accounted for under the equity method	-	(153)
A23700	Write-down of inventory valuation and obsolescence	32,436	2,005
A23800	The impairment loss on impairment of property, plant, and equipment	-	39
A29900	Recognition of refund liabilities	7,918	6,944
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	262,375	(333,731)
A31130	Notes receivable	102,949	85,307
A31150	Accounts receivable	725,160	(344,733)
A31160	Accounts receivable from related parties	-	27
A31180	Other receivables	26,576	(45,298)
A31190	Other receivables from related parties	383	(1,789)
A31200	Inventories	276,430	(518,345)
A31230	Prepayments and other current assets	(78,244)	(58,214)
A32150	Accounts Payable	(384,886)	(149,859)
A32160	Accounts payable to related parties	629	(470)
A32180	Other Payables	(150,759)	20,675
A32190	Other payables from related parties	(1,701)	2,617
A32230	Other current liabilities	42,977	35,947
A32240	Net defined benefit liabilities	(27,563)	(26,263)
A33000	Cash generated from operations	1,531,101	1,150,774

(Continued on the next page)

(Continued from the previous page)

Code		2022	2021
A33100	Interest received	$ 40,993	$ 39,736
A33300	Interest paid	(6,766)	(5,224)
A33500	Income tax paid	(462,438)	(449,065)
AAAA	Net cash generated from operating activities	1,102,890	736,221
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	(3,000)	(811)
B00050	Proceeds from disposal of financial assets at amortized cost	1,822	-
B02700	Payments for property, plant and equipment	(141,981)	(128,203)
B02800	Proceeds from disposal of property, plant, and equipment	9,921	-
B03700	Increase in refundable deposits	(34,313)	(796)
B03800	Decrease in refundable deposits	1,705	-
B04500	Payments for intangible assets	-	(440)
B07600	Dividends received	65,495	38,819
B09900	Proceeds from liquidation of investments accounted for under the equity method	-	153
BBBB	Net cash used in investing activities	(100,351)	(91,278)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	-	200,000
C00200	Decrease in short-term borrowings	(200,000)	-
C01600	Proceeds from long-term borrowings	750,000	1,600,000
C01700	Repayments of long-term borrowings	(750,000)	(1,600,000)
C04020	Repayment of the principal portion of lease liabilities	(4,564)	(4,514)
C04300	Increase in other non-current liabilities	180	1,481
C04500	Cash dividends	(757,308)	(688,462)
C04400	Refund of unclaimed overdue cash dividends	3,134	552
C09900	Claim for disgorgement	-	143
CCCC	Cash used in financing activities	(958,558)	(490,800)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	19,824	(14,366)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	63,805	139,777
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,598,283	2,458,506
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,662,088	$ 2,598,283

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notice to Readers:

The consolidated financial statement (Chinese version) of our company is audited by the CPA Chiu, Cheng-Chun and CPA Huang, Hsiu-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. COMPANY HISTORY

Taita Chemical Co., Ltd. ("the Company") was founded in April 1960, mainly engaged in the manufacturing and sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resin, acrylonitrile-styrene copolymer (San) resin, glass wool insulation products, plastic raw materials, and other processed products. The ordinary shares of the Company have been publicly listed on the Taiwan Stock Exchange since 1986. The Company's parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of December 31, 2022. USI Corporation has operational control over the Company.

The Consolidated Financial Statements are presented in the New Taiwan dollar, the Company's functional currency.

2. DATE OF APPROVAL OF THE FINANCIAL STATEMENTS AND APPROVAL PROCEDURES

The Consolidated Financial Statements have been approved by the Board of Directors on March 3, 2023.

3. APPLICATION OF THE NEWLY ISSUED AND/OR AMENDED STANDARDS AND INTERPRETATIONS

a. The first-time application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

The first-time application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Group.

b. FSC-endorsed IFRSs that are applicable from 2023 onward

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred taxes on assets and liabilities arising from a single transaction”	January 1, 2023 (Note 3)

Notes 1: The amendments prospectively apply to the annual reporting periods beginning on or after January 1, 2023.

Notes 2: The amendments apply to changes in accounting estimates and in accounting policies which take place in the annual reporting periods beginning on or after January 1, 2023.

Notes 3: Except for the temporary differences arising from leases and decommissioning obligations on January 1, 2022 are recognized in deferred income tax, the amendment applies to transactions occurring after January 1, 2022.

Till the date of authorization of the consolidated financial statements, the Group's assessment of the effects of aforementioned standards and the amendments to the interpretation will not have a significant impact on the financial position and financial performance.

c. Standards issued by the IASB but not yet endorsed and issued into effect by the FSC.

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the 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
Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Ap-pli-ca-tion of IFRS 17 and IFRS 9 — Com-par-a-tive In-for-ma-tion”	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 “Non-cur-rent Li-a-bil-i-ties with Covenants”	January 1, 2024

Notes 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Notes 2: The seller-lessee shall retrospectively apply the amendments to IFRS 16 in sale and leaseback transactions after the initial application of IFRS 16.

Till the date of authorization of the Consolidated Financial Statements, the Group has continued to assess the effects of amendments to other standards and interpretations on its financial position and performance. Related impacts will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Compliance declaration

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

b. Preparation basis

The Consolidated Financial Statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.

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

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

c. Standards for assets and liabilities classified as current and non-current

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the reporting period; and
3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets or liabilities that are not specified above are classified as non-current.

d. Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Company and entities controlled by the Company (i.e., subsidiaries). The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intergroup transactions, balances, income and expenses are eliminated in full upon consolidation.

For details of subsidiaries, shareholding ratios, and operating items, please refer to Notes 12, Table 5, and Table 6.

e. Foreign currencies

In the preparation of each individual financial statement, transactions denominated in a currency other than the entity's functional currency (i.e., foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction before they are recorded by each entity.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate prevailing on the date when the fair value is measured. The resulting exchange difference shall be included in the current profit and loss. Where changes in the fair value are recognized in any other comprehensive incomes, it shall be recognized in the comprehensive income.

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

In the preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries and associates that operate in a country or currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the period. The exchange difference arising are recognized in other comprehensive profit or loss.

f. Inventories

Inventories consist of raw materials, production supplies, finished goods, and work in progress. Inventories are measured at the lower of cost or net realizable value, and the comparison between costs and net realizable values is on individual item basis, except for inventories of the same type. The net realizable value is the estimated selling price of inventories less the estimated cost to be amortized until completion and all costs necessary for the sale. Inventories are measured at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence other than a subsidiaries.

The Group accounts for investments in associates by using the equity method.

Under the equity method, investments in associates are initially recognized according to cost, and the carrying amount acquired in the future increases or decreases with the share and profit distribution of the profits or losses of the associates of the Group and other comprehensive profits and losses of the Group. In addition, equity changes in associates are recognized based on the shareholding ratio.

When associates issue new shares and the Group does not subscribe to such shares to the extent that its original shareholding ratio can be changed, and the net equity value of investment increases or decreases. Such difference is recorded as an adjustment to capital surplus - changes in the net equity value in associates under the equity method are recognized and other investments are made under the equity method. However, where the Company’s ownership interest in an associate is reduced because of not subscribing or acquiring new shares in proportion to its present holdings, the proportionate amount of gain or loss previously recognized in any other comprehensive incomes related shall be reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of related assets or liabilities. If such adjustment is required to be debited to capital surplus and the capital surplus recognized from investments accounted for under the equity method is insufficient, the difference shall be debited to retained earnings.

The Group ceases to recognize further losses when its share of losses to the associates equals or exceeds its equity in the associates (including the carrying amount of the investments in associates under the equity method and the Group's other long-term equities that are substantially the component of the net investment in the associates). The Group recognizes additional losses and liabilities only in the scope where the legal obligations and constructive obligations exist, or payments are made on behalf of the associates.

To assess impairment, the Group has to consider the overall carrying amount of the investment as a single asset to compare the recoverable and carrying amounts for the impairment test, and the recognized impairment loss is not allocated to any asset that forms the component of the carrying amount of the investment. The reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Group shall cease the use of the equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value and the difference between the fair value and disposal proceeds and the carrying amount of the investment on the date when the equity method was discontinued is included in profit or loss for the current period.

Profits and losses in upstream, downstream, and side-stream transactions between the Group and associates are recognized in the consolidated financial statements only when the profits and losses are irrelevant to the Group's interests in the associates.

h. Property, Plant and Equipment

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

Property, plant and equipment under construction are measured at cost less any recognized impairment loss. Costs include professional services fees and borrowing costs eligible for capitalization. Samples produced when these assets are tested for proper operation prior to their expected use are measured at low cost and net realization value, and their selling price and cost are recognized in profit or loss. Such assets are depreciated and divided into the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land, depreciation of property, plant and equipment is recognized depreciated separately for each significant part within the service life on a straight-line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

i. Investment properties

Investment properties also include land held for currently undetermined future use. Investment properties also include land held for any currently undetermined future use.

The investment properties held by the Group are land, originally measured by cost (including transaction cost), and subsequently, recognized as no depreciation, measured by the amount of cost less cumulative impairment loss.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

j. Intangible Assets

Intangible assets with a limited-service life are initially measured at cost and subsequently measured at cost less cumulative amortization and cumulative impairment loss. Intangible assets are amortized on a straight-line basis within the useful life, and the Group reviews the estimated useful life, residual value and amortization method at least at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis..

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

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

On each balance sheet date, the Group reviews the carrying amounts of its property, plant, and equipment as well as right-of-use assets, investment property, and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. Where the recoverable amount of an individual asset or a cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to the recoverable amount, and the impairment loss shall be recognized in profit or loss.

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

l. Financial Instruments

Financial assets and liabilities will be recognized in the consolidated balance sheets when the Group becomes a party to the contract of the financial instrument.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

The regular trading of financial assets shall be recognized and derecognized under trade date accounting.

a) Types of measurement

Financial assets held by the Group are classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive profits or losses.

i. Financial assets at fair value through profit or loss

Financial asset is classified as at financial assets at fair value through profit or loss when such a financial asset is mandatorily classified. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated by the Group to be measured at fair value through other comprehensive incomes, and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive incomes.

Financial assets at fair value through profit or loss are measured at fair value. Dividends and interest accrued are recognized in other income and interest income respectively, and profit or loss accrued from remeasurement are recognized in other gains or loses. Please refer to Note 29 for the methods for determining fair values.

ii. Financial assets at amortized cost

When the Group's investments in financial assets satisfy the following two conditions simultaneously, they are classified as financial assets at amortized cost:

i) Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flow; and
ii) The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

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

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

i) For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

ii) Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

A credit-impaired financial asset refers to the situation where the issuer or debtor has experienced significant financial difficulties or defaults and therefore the debtor is likely to file for bankruptcy or declare financial restructuring, or the disappearance of an active market for that financial asset due to financial difficulties has occurred.

Cash equivalents include highly liquid time deposits and reverse repurchase agreements collateralized by bonds that can be readily converted into fixed amount of cash with limited risk of change in value. Cash equivalents are held to meet short-term cash commitments.

iii. Investments in equity instruments at fair value through other comprehensive incomes

The Group may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive incomes.

Investments in equity instruments at fair value through other comprehensive incomes are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive incomes and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends of investments in equity instruments at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive payment is confirmed unless such dividends clearly represent the recovery of a part of the investment cost.

b) Impairment of financial assets

The impairment loss of financial assets (including accounts receivable) measured at amortized cost on the basis of expected credit losses are assessed by the Group on each balance sheet date.

Accounts receivable are recognized as lifetime expected credit loss (ECLs). Where a financial asset has a credit risk not significantly increased since its initial recognition, a loss allowance for a 12-month expected credit loss is required; otherwise, a loss allowance for lifetime expected credit loss is required.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit loss during the lifetime represents the expected credit loss arising from all possible defaults of the financial instrument during the expected existence period.

For the purpose of internal credit risk management, under the premise that the collateral held is not under consideration, the Group determines that there is internal or external information indicating that the debtor cannot settle the debt, which represents that the financial assets have breached the contract.

The impairment loss of all financial assets is reduced based on the allowance account.

c) Derecognition of financial assets

The Group derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Group transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. Through the full derecognition of the investments in equity instruments at fair value through other comprehensive incomes, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except the financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Please refer to Note 29 for the methods for determining fair values.

b) Derecognition of financial liabilities

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

3) Derivative instruments

The derivatives entered into by the Group are forward foreign exchange contracts to manage the exchange rate risk of the Consolidated Company.

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

m. Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

<u>Proceeds of sale</u>

Proceeds of sale are derived from sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resins, acrylonitrile-styrene copolymer (San) resins, glass wool insulation products, plastic raw materials, and the related processed products. At the time of product delivery to the clients, the clients have the right to set the price and to use the goods and also have the main responsibility for resale, and assume the risk of obsolescence of the goods, and the Group recognizes the revenue and accounts receivable at that time.

n. Leases

The Group assesses whether the contract is (or includes) a lease on the date of its establishment.

1) Where the Group is a lessor:

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

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis over the lease term.

2) Where the Group is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

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

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the service life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liabilities are measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned during the lease term. If the change in the lease term results causes any change in the future lease benefits, the Group will measure the lease liabilities and adjust the right-of-use assets relatively. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount will be recognized in profit or loss. Lease liabilities are expressed separately in the balance sheets.

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. Net interests on service costs and net defined benefit liabilities are recognized as employee benefits at the time of existence. The remeasurement amount (including actuarial gain and loss and the return on plan assets after deducting interest) is recognized in other comprehensive profit and loss and presented in retained earnings during a period in which it occurs. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities are the deficit of the contribution made according to the defined benefit pension plan.

q. Income tax

Income tax expenses are the sum of current income taxes and deferred income taxes.

1) Current income tax

The Group determines the income (loss) of the current period in accordance with the laws and regulations in each income tax declaration jurisdiction and calculates the income tax payable (recoverable) accordingly.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior-year income taxes payable are shown in the income taxes of the current year.

2) Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that the taxable capital is available for writing off temporary differences and loss deductions.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment when it is probable that sufficient taxable income will be available to realize the such temporary difference, deferred income tax assets are recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. A previously unrecognized deferred taxes asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected realization of assets or repayment of liabilities. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Group is expected to reclaim or settle the carrying amount of its assets and liabilities on the balance sheet date.

3) Current and deferred taxes

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

5. PRIMARY SOURCES OF UNCERTAINTIES IN MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When the Group adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The management shall continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; and if an amendment to accounting estimates affects the current and future periods, it shall be recognized during the amendment and in the subsequent periods.

Primary Sources of Estimation Uncertainties

a. Estimated impairment of accounts receivable

The estimated impairment of accounts receivable is based on the Group's assumptions regarding the probability of default and the rate of loss on default. The Group considers historical experience, current market conditions, and forward-looking information to make assumptions and select input values for impairment assessment. For details of the key assumptions and inputs applied, refer to Note 10. If the actual cash flow in the future is less than expected by the Group, there may be material impairment losses.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

c. Estimation of damage compensation for associate’s gas explosion incidents

The Company’s associate, China General Terminal & Distribution Corporation (“CGTD”), recognized a provision for civil damages due to a gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 371	$ 484
Checking accounts and demand deposits	731,789	502,207
Cash equivalents		
Time deposits	1,784,103	2,095,592
Reverse repurchase agreements collateralized by bonds	145,825	-
	$ 2,662,088	$ 2,598,283

The annual interest rates in time deposits and bonds for sale on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Time deposits	1.18%~4.88%	0.08%~2.30%
Reverse repurchase agreements collateralized by bonds	1.05%~1.35%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives (not under hedge accounting)		
- Forward foreign exchange contracts	$ -	$ 1,037
Non-derivative financial assets		
- Domestic listed shares	22,540	73,438
- Unlisted stocks abroad	-	-
- Mutual fund	333,210	562,034
- Beneficiary securities	59,303	59,466
Subtotal	415,053	694,938
	$415,053	$695,975

Forward foreign exchange contracts that are not applicable to hedge accounting and have not been outstanding yet on the balance sheet date are as follows (December 31, 2022: None):

	Currency	Expiration Period	Contracted Amount (Thousand)
December 31, 2021			
Forward foreign exchange for sales	USD to NTD	2022.01.13~2022.03.21	USD 7,340 /TWD 204,227

The purpose of engaging in forward foreign exchange transactions in 2022 and 2021 is mainly to avoid the risk of foreign currency assets and liabilities due to the fluctuations of the exchange rates. The forward foreign exchange contract held by the Group is not applicable to hedge accounting because it does not meet the effective hedging conditions.

The net loss of $505 thousand dollars and net gains of $8,818 thousand dollars from the transaction of financial assets measured at fair value through profit or loss in 2022 and 2021 respectively; The net loss of $13,364 thousand dollars and $2,499 thousand dollars from the transaction of financial liabilities measured at fair value through profit or loss in 2022 and 2021 respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOMES - NON-CURRENT

	December 31, 2022	December 31, 2021
Investments in equity instruments		
Domestic investment		
Ordinary shares of the listed companies		
USI Corporation- Taiwan Polymer Chemicals Co., Ltd.	$333,929	$476,718
Ordinary shares of the unlisted companies		
- Harbinger Venture Capital Co., Ltd.	7	7
Subtotal	333,936	476,725
The investments overseas		
Ordinary shares of the unlisted companies		
－Budworth Investment Ltd	6	6
	$333,942	$476,731

The Group invests in the ordinary shares of the aforementioned companies for medium- and long-term strategic objectives and expects to make profits through long-term investments. The management chose to designate these investments to be measured at fair value through other comprehensive incomes as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31, 2022	December 31, 2021
pledged certificates of deposit (1)	$ 5,000	$ 3,000
Pledged bank deposits (2)	-	809
	$ 5,000	$ 3,809

a. Till December 31, 2022, and December 31, 2021, the market rates of interest of pledged certificates of deposit were 1.32% ~ 1.41% and 0.37% ~ 0.69% per annum, respectively.

b. The market rate of interest on pledged bank deposits on December 31, 2021, was 0.35% per annum.

c. For pledge information on financial assets measured at amortized cost, please refer to Note 31.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Notes receivable (1)		
Notes receivable - operating	$ 157,026	$ 255,365
Accounts receivable (1)		
Measured at amortized cost		
Total carrying amount	$ 1,542,964	$ 2,268,566
Less: Allowance for impairment loss	(57,662)	(55,417)
	$ 1,485,302	$ 2,213,149

Other receivables (2)		
Business tax refund receivable	$ 67,204	$ 88,943
Interest receivable	19,939	18,334
Others	678	5,509
	$ 87,821	$ 112,786
Other payables - related parties (note 30)	$ 3,158	$ 3,536

a. Notes receivable and accounts receivable

The credit period of the Group for the sales of the merchandise is from 30 to 180 days, and the notes and accounts receivable are not interest-bearing. In order to mitigate credit risk, the management of the Group has assigned a dedicated team to be responsible for the determination of the credit line, credit approval, and other procedures of the supervisory control to ensure that appropriate action has been taken to reclaim past due receivables, and the Group has insured some of the receivables against credit insurance or obtained adequate guarantees if necessary to mitigate the risk of financial losses due to delinquency. In addition, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. Prior to accepting a new client, the credit quality of the prospect is assessed through the internal credit rating system and the credit facilities of the prospect will be set, and the history of the transactions and the financial position of the individual client are regularly reviewed, according to which the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group recognizes loss allowances for accounts receivables based on the lifetime expected credit losses. The expected credit loss on trade receivables is estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of the current and forecast directions of economic conditions at the reporting date.

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

Loss allowances for the notes and accounts receivable based on the provision matrix are as follows:

December 31, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 4,192	$384,429	$ 82,058	$1,229,311	$1,699,990
loss allowance (lifetime expected credit loss)	-	-	(219)	(57,443)	(57,662)
Amortized cost	$ 4,192	$384,429	$ 81,839	$1,171,868	$1,642,328

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 2,148	$478,933	$ 76,787	$1,966,063	$2,523,931
loss allowance (lifetime expected credit loss)	-	-	(220)	(55,197)	(55,417)
Amortized cost	$ 2,148	$478,933	$ 76,567	$1,910,866	$2,468,514

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

	2022	2021
Beginning Balance	$ 55,417	$ 57,144
Expected credit impairment losses (reversal gains)	2,231	(1,697)
Exchange difference	14	(30)
Ending Balance	$ 57,662	$ 55,417

The aging of accounts receivable (including related parties) was as follows:

	December 31, 2022	December 31, 2021
Not Past Due	$ 1,594,610	$ 2,423,669
Past due within 60 days	45,283	45,448
Past due over 61 days	60,097	54,814
Total	$ 1,699,990	$ 2,523,931

The above aging schedule was based on the number of days past due from the end of the credit term.

Of the balance of notes receivable and accounts receivable as of December 31, 2022 and 2021, except that the balance of accounts receivable of specific clients accounted for 14% and 16% of the total notes receivable and accounts receivable as of December 31, 2022 and 2021 respectively, the balance of notes receivable and accounts receivable of other clients did not exceed 10% of the total notes receivable and accounts receivable, and the client base of the Group was large and unrelated, so the concentration of credit risk was limited.

b. Other receivables

Other receivables of the Group as of 31 December 2022 and 2021 have been assessed for impairment losses on the basis of expected credit losses.

11. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	$ 500,216	$ 534,560
Work in process	130,666	105,084
Raw materials	277,596	507,441
Production supplies	42,540	38,133
Goods in Transit	-	541
	$ 951,018	$ 1,185,759

The cost of goods sold related to inventories in 2022 and 2021 was NT $16,323,674 thousand dollars and NT $17,385,170 thousand dollars, respectively.

The cost of goods sold in 2022 and 2021 including the value losses of the net realizable value of the inventories is $32,436 thousand dollars and $2,005 thousand dollars, respectively.

12. SUBSIDIARY

Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the Consolidated Financial Statements are listed as follows:

			Proportion of Ownership		
Name of Investor	Name of Subsidiary	Nature of business	December 31, 2022	December 31, 2021	Description
The Company	TAITA (BVI) Holding Co., Ltd. (TAITA(BVI))	Reinvestment	100%	100%	
TAITA (BVI)	Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	The derivatives from the production and sale of styrene polymer	100%	100%	1.
	Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	The derivatives from the production and sale of styrene polymer	100%	100%	2.
	Zhangzhou Taita Chemical Co., Ltd. ("TTC (ZZ)")	The derivatives from the production and sale of styrene polymer	100%	-	3.

a. Till December 31, 2022, the amount of investment in Delta Zhongshan was USD 43,000 thousand dollars, and the company's surplus was transferred to the capital increase of USD 3,250 thousand dollars in 2007. Till December 31, 2022, the company's paid-in capital was USD 46,250 thousand dollars. Delta Zhongshan held a meeting of the Board of Directors on October 14, 2021, and resolved to adopt a profit distribution plan from 2007 to 2020 with a total amount of RMB 306,950 thousand dollars, which was allocated on March 8, 2022.

b. Till December 31, 2022, the amount of investment in Delta Tianjin was USD 26,000 thousand dollars, and the company's surplus in 2012 was transferred to the capital increase of USD 1,350 thousand dollars. Till December 31, 2022, the company's paid-in capital was USD 27,350 thousand dollars. Due to the curtailing demand in the local market, the management of the Company decided to suspend the production of Delta Tianjin from April 2019.

c. On December 3, 2020, the Board of Directors of the Company resolved to establish Zhangzhou Delta with an investment of RMB 314,000 thousand dollars through Taita (BVI). Zhangzhou Delta Industry was founded and registered on June 28, 2021, and Taita (BVI) invested RMB 306,950 thousand dollars in Zhangzhou Delta Industry on March 8, 2022.

13. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	December 31, 2022	December 31, 2021
Individually insignificant associates		
Listed companies		
China General Plastics Corporation (“CGPC”)	$ 187,231	$ 221,245
Acme Electronics Corp. (“ACME”)	33,466	32,429
Unlisted companies		
China General Terminal & Distribution Co. ("CGTD")	355,611	373,731
ACME Electronics (Cayman) Corp. (ACME (Cayman))	67,401	66,405
	$ 643,709	$ 693,810

Information on individually insignificant associates is summarized below:

	2022	2021
The Group's share of:		
Profits from continuing operations	$ 2,661	$ 74,888
Other comprehensive incomes	(24,079)	33,993
Total comprehensive income	($ 21,418)	$ 108,881

The percentage of ownership, equities, and voting rights of the Group in associates on the balance sheet date is as follows:

Name of Company	December 31, 2022	December 31, 2021
CGPC	1.98%	1.98%
ACME	2.43%	2.43%
CGTD	33.33%	33.33%
ACME（Cayman）	5.39%	5.39%

For the nature of activities, principal places of business and countries of incorporation of the associates, please refer to Table 5 “Information on Investees” .

The Group jointly held more than 20% of the long-term equity investment and the associates of China General Plastics Corporation, Acme Electronics (Kunshan) Co., Ltd., and Acme (Cayman), and had a significant influence on each company, so the valuation was done based on the equity method.

Fair values (Level 1) of investments in associates with open market quotations are summarized as follows:

Name of Company	December 31, 2022	December 31, 2021
CGPC	$ 304,027	$ 399,611
ACME	$ 106,458	$ 237,809

The profits and losses and the shares of other comprehensive profits and losses in 2021 and 2022, under the equity method, entitled to the associates and the Group were recognized on the basis of the financial reports of the associates audited by the CPA during the same period, except that the financial reports of Acme Electronics (Kunshan) Co., Ltd. and Acme (Cayman) were not audited by the CPA in 2021. The management of the Group believes that the financial reports of Acme Electronics (Kunshan) Co., Ltd. and Acme (Cayman) in 2021 weren't audited by the CPA and it would cause no significant impact.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Transportation equipment	Other equipment	Construction in Progress	Total
Cost							
Balance as of January 1, 2021	$634,432	$1,299,676	$4,478,749	$ 42,539	$349,415	$ 86,931	$6,891,742
Addition	-	-	5,623	12	1,091	121,127	127,853
Disposal and obsolescence	-	(2,456)	(122,109)	(700)	(6,443)	-	(131,708)
Internal transfers	-	6,012	107,960	141	10,417	(124,530)	-
Exchange difference of	-	(2,312)	(3,328)	(96)	(268)	(152)	(6,156)
Balance as of December 31, 2021	$634,432	$1,300,920	$4,466,895	$ 41,896	$354,212	$ 83,376	$6,881,731

	Freehold Land	Buildings	Machinery	Transportation equipment	Other equipment	Construction in Progress	Total
Accumulated depreciation and impairment							
Balance as of January 1, 2021	$ -	$941,638	$3,517,398	$ 33,599	$321,403	$ 1,661	$4,815,699
Disposal and obsolescence	-	(2,317)	(121,895)	(700)	(6,067)	-	(130,979)
Depreciation expenses	-	38,398	145,351	2,666	7,531	-	193,946
Impairment loss	-	-	39	-	-	-	39
Exchange difference of	-	(1,625)	(2,675)	(52)	(200)	(9)	(4,561)
Balance as of December 31, 2021	$ -	$976,094	$3,538,218	$ 35,513	$322,667	$ 1,652	$4,874,144
Net amount as of December 31, 2021	$634,432	$324,826	$928,677	$ 6,383	$ 31,545	$ 81,724	$2,007,587
Cost							
Balance as of January 1, 2022	$634,432	$1,300,920	$4,466,895	$ 41,896	$354,212	$ 83,376	$6,881,731
Addition	-	-	2,856	-	1,489	152,887	157,232
Disposal and obsolescence	-	(768)	(35,519)	(1,207)	(9,354)	-	(46,848)
Internal transfers	-	5,980	155,159	-	9,094	(170,233)	-
Exchange difference of	-	6,739	8,563	281	665	1,029	17,277
Balance as of December 31, 2022	$634,432	$1,312,871	$4,597,954	$ 40,970	$356,106	$ 67,059	$7,009,392
Accumulated depreciation and impairment							
Balance as of January 1, 2022	$ -	$976,094	$3,538,218	$ 35,513	$322,667	$ 1,652	$4,874,144
Disposal and obsolescence	-	(768)	(28,370)	(1,086)	(9,094)	-	(39,318)
Depreciation expenses	-	36,858	153,403	2,597	8,127	-	200,985
Exchange difference of	-	4,897	7,142	179	504	26	12,748
Balance as of December 31, 2022	$ -	$1,017,081	$3,670,393	$ 37,203	$322,204	$ 1,678	$5,048,559
Carrying amounts as of December 31, 2021	$634,432	$295,790	$927,561	$ 3,767	$ 33,902	$ 65,381	$1,960,833

Due to the curtailing demand in the local market for foamed polystyrene (EPS), which is the main production of Delta Tianjin, the management of the Group decided to suspend the production of Delta Tianjin from April 2018. Delta Tianjin's property, plant, and equipment (including right-of-use assets) are calculated based on fair value less the costs of disposal as the recoverable amount, and fair value is measured by the independent valuation with the third level input value on December 31, 2021, and 2022. The evaluation is a revaluation of the replacement cost and economically useful life of various properties, plants, and equipment within the scope of the evaluation. The evaluation results show that the recoverable amount is lower than the book value. Therefore, the impairment loss recognized in 2021 was 39 thousand dollars (in 2022: none), and the impairment loss has been included in the operating cost of the statement of comprehensive income. The fair value obtained from the evaluation is as follows:

	December 31, 2022	December 31, 2021
Plant and right-of-use assets	$ 260,489	$ 266,579
Amenities		$ 2,086

Property, plant, and equipment are depreciated on a straight-line basis over the following service life:

Buildings	
Plants	20, 30, 35, 40 and 55 years
Offices and laboratories	26-35 years
Warehouses	20-25 years
Storage tanks	8-20 years
Others	2-9 years
Machinery	
Environmental protection equipment	15-20 years
Monitoring equipment	11-15 years
Storage tanks and pipeline systems	10-15 years
Production and packaging equipment	8-15 years
Power systems	7-15 years
Others	2-8 years
Transportation equipment	5-15 years
Other equipment	2-15 years

Some of the property, plant, and equipment of the Group have been mortgaged as collateral for the loan amount. Please refer to notes 18 and 31.

15. LEASE AGREEMENTS

a. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amounts		
Land	$ 68,046	$ 73,370

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Depreciation expense of right-of-use assets		
Land	$ 5,828	$ 5,803

Except for the depreciation expense recognized, there was no material increase, sublease, or impairment of the right-of-use assets of the Group in 2022 and 2021. Some of the lands of rights of use of the Group have been mortgaged as collateral for the loan amount. Please refer to notes 18 and 31.

b. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 4,614	$ 4,564
Non-current	$ 33,760	$ 38,374

As of December 31, 2022 and 2021, the discount rate on lease liabilities was 1.10%. The related parties lease the Groupe the land in the forest areas for the use of the factory. At the end of the lease term, the Group has no right of first refusal of the chartered-in land. Refer to Note 30 for disclosures related to related party transactions.

c. Other lease information

Please refer to Note 16 for the agreement of the Group to lease the investment property under an operating lease.

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Short-term lease expenses	$ 17,619	$ 15,336
Lease expense with low-value asset	$ 21	$ 17
Total cash outflow from leasing activities	$ 22,653	$ 20,366

The Group has chosen to be exempt from the recognition of office, machinery and equipment, transportation and transportation equipment subject to short-term leases and certain miscellaneous equipment leases subject to low-value asset leases, and does not recognize the relevant right-of-use assets and lease liabilities for such leases.

16. INVESTMENT PROPERTIES, NET

	December 31, 2022	December 31, 2021
Land	$108,178	$108,178

The investment property of the Group is the land located in the Xingbang section of the former township and the industrial area of the forest. Because the land is industrial land, the comparable market transactions are not frequent, and neither is a reliable replacement for the fair value estimates, so the fair value cannot be reliably determined.

The land of the former township factory of the Group is leased to the China General Terminal & Distribution Co., and the actual rental area is agreed upon, and the monthly rent is 1,628 thousand dollars (please refer to Note 25 and 30).

17. INTANGIBLE ASSETS

	December 31, 2022	December 31, 2021
Carrying amount by function		
Information systems	$ 278	$ 493
Design expenses for factories	2,001	3,601
	$ 2,279	$ 4,094

Intangible assets are amortized on a straight-line basis over the following service life:

Information systems	3-5 years
Design expenses for factories	10 years

18. BORROWINGS

a. Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Line of credit borrowings	$ 150,000	$ 350,000

The annual interest rates of the loans of credit facilities were 1.32% and 0.52% to 0.74% respectively on December 31, 2022 and 2021.

In addition, Delta Zhongshan provided property, plant, equipment, and the rights of land use as collateral (see Notes 14, 15, and 31), and till December 31, 2022, and 2021, the loan amount was not used.

b. Long-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Line of credit borrowings	$ 300,000	$ 300,000

The annual interest rate of long-term loans of the Group is as follows:

	December 31, 2022	December 31, 2021
Credit loans	1.35%	0.81%

In order to enrich the medium- and long-term working capital, the Group signed medium- and long-term credit contracts with banks, with a total credit quota of 2,776,376 thousand dollars. The term of the credit contracts continued to expire until September 2025, and the credit quotas were recycled within the validity period of the contracts. As of December 31, 2022, NT$300,000 thousand have been utilized.

The current ratio and liability ratio of the Group's part of the borrowings to the agreed financial report are not lower than the specific ratio, and if there is any non-conformity, improvement measures must be reported to the bank. Till December 31, 2022, the Group has not violated the aforementioned financial ratios.

19. ACCOUNTS PAYABLE

	December 31, 2022	December 31, 2021
Accounts payable (including related parties)		
Occurrence due to operations (Note 30)	$ 646,425	$ 1,029,504

The average accounting period of the accounts payable of the Group is 30 to 45 days. The Group has a financial risk management policy to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER PAYABLES

	December 31, 2022	December 31, 2021
Payables for salaries or bonuses	$100,171	$219,918
Payables for freight fees	75,629	113,422
Payables for utilities	27,022	29,337
Payables for equipment	24,858	9,607
Payables for professional service expenses	9,698	9,651
Payables for insurance	6,662	8,922
Payables for taxes	3,839	3,613
Others	50,046	35,110
	$297,925	$429,580

21. Refund Provisions

	December 31, 2022	December 31, 2021
Customer returns and rebates	$ 1,102	$ 897

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Beginning Balance	$ 897	$ 879
Provision	7,918	6,944
Returns and rebates	(7,713)	(6,926)
Ending Balance	$ 1,102	$ 897

The refund provision is based on the management's judgments and other known reasons for which estimated product returns and rebates may occur for the year ended. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

22. POST-RETIREMENT BENEFIT PLAN

a. Defined contribution plans

The Company adopts a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

Employees of Delta Zhongshan are members of a retirement benefit plan operated by the local government. The subsidiary is required to allocate a specific percentage of salary costs to the retirement benefit plan as a fund. The Group's obligation to this government-run retirement benefit plan is only to set aside certain amounts.

b. Defined benefit plans

The pension system adopted by the Company under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. Since November 1986, the Company contributed a specific rate (currently 12%) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment policy and strategy.

The amounts of defined benefit plans included in the consolidated balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present Value of Defined Benefit Obligation	$470,859	$543,761
Fair Value of Plan Assets	(343,143)	(357,342)
Net defined benefit liabilities	$127,716	$186,419

Changes in net defined benefit liabilities are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net defined benefit liabilities
Balance as of January 1, 2021	$ 593,645	($ 391,849)	$ 201,796
Service costs			
Service costs for the current period	3,949	-	3,949
Net interest expense (income)	2,184	(1,476)	708
Recognized in profit or loss	6,133	(1,476)	4,657
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(5,646)	(5,646)
Actuarial loss			
- Changes in demographic assumptions	12,124	-	12,124
- Changes in financial assumptions	(4,379)	-	(4,379)
- Experience adjustments	8,787	-	8,787
Recognized in other comprehensive incomes	16,532	(5,646)	10,886
Contributions by the employer	-	(29,142)	(29,142)
Benefits paid on plan assets	(70,771)	70,771	-
Provisions	(1,778)	-	(1,778)
Balance as of December 31, 2021	$ 543,761	($ 357,342)	$ 186,419
Balance as of January 1, 2022	$ 543,761	($ 357,342)	$ 186,419
Service costs			
Service costs for the current period	2,903	-	2,903
Net interest expense (income)	2,606	(1,724)	882
Recognized in profit or loss	5,509	(1,724)	3,785
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(30,701)	(30,701)
Actuarial gain			
- Changes in financial assumptions	(4,229)	-	(4,229)
- Experience adjustments	3,790	-	3,790
Recognized in other comprehensive incomes	(439)	(30,701)	(31,140)
Contributions by the employer	-	(31,348)	(31,348)
Benefits paid on plan assets	(77,972)	77,972	-
Balance as of December 31, 2022	$ 470,859	($ 343,143)	$ 127,716

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Cost of goods sold	$ 3,318	$ 3,925
Selling and marketing expenses	175	261
Administrative expenses	197	346
Research and development expense	95	125
	$ 3,785	$ 4,657

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.

2) Interest risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligations, but the compensation on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.

3) Salary risk: The present value of defined benefit obligations is calculated with reference to the future salaries of plan participants. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is measured on the basis of certified actuaries, and major assumptions on the measurement date are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.125%	0.500%
Average long-term salary adjustment rate	2.750%	2.250%

In the event of a reasonably possible change in the material actuarial assumptions, the amount of the increase (decrease) in the present value of the defined benefit obligation would be as follows, provided that all the other assumptions remain constant:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 7,345)	($ 8,781)
Decrease by 0.25%	$ 7,543	$ 9,027
Average long-term salary adjustment rate		
Increase by 0.25%	$ 7,291	$ 8,718
Decrease by 0.25%	($ 7,138)	($ 8,526)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

The Company expects to allocate NT$25,800 thousand and NT$20,000 thousand to the defined benefit plans within one year as of December 31, 2022, and December 31, 2021, respectively. The weighted average duration of the Company's defined benefit obligations on 31 December 2022 and 2021 is 6.4 years and 6.6 years, respectively.

23. EQUITY

a. Ordinary shares

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	400,000	400,000
Shares authorized	$ 4,000,000	$ 4,000,000

Number of shares issued and fully paid (in thousands)	397,587	378,654
Shares issued	$ 3,975,868	$ 3,786,541

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

On May 27, 2022, the Company resolved to increase its capital by issuing 18,933 thousand shares which included the 2021 earning at the Annual Shareholders' Meeting. The aforementioned issuance was approved by the Securities and Futures Bureau of FSC on July 6, 2022, and entered into force, and August 5, 2022 was resolved by the Board of Directors as the ex-dividend day.

b. Capital surplus

The capital surplus which arises from the consideration received from issuance of shares (including consideration from that of ordinary shares) and donations may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company’s capital surplus and once a year).

Capital surplus arising from unpaid dividends due to overdue can offset a deficit only. Capital surplus from investments in subsidiaries and/or associates accounted for under the equity method may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any unappropriated 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. For the policy of the remuneration distribution of the employees and directors stipulated in the Articles of Incorporation of the Company, please refer to Note 25 (8) Remuneration of the Employees and Directors.

According to the provisions of the Company’s Articles, the Company in order to take R&D needs and diversification of operations into consideration, dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable retained earnings per share of the current year are less than NT$0.1, the retained earnings are not to be distributed.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. The legal reserve may be used to offset deficits. When the Company has no deficit, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 approved in the annual shareholders’ meetings on May 27, 2022 and July 26, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ 184,098	$ 191,925		
Cash dividends	757,308	688,462	$ 2.0	$ 2.0
Stock Dividends	189,327	344,231	0.5	1.0

The appropriation of earnings for 2022 had been proposed by the Company's Board of Directors on March 3, 2023, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 44,234	$ -
Cash dividends	198,793	0.5

The distribution of earnings for the year 2022 is still subject to resolution in the annual shareholders' meeting to be held on May 30, 2023.

d. Special reserve

The Company reserved a special reserve on the first-time adoption of IFRSs as follows:

	December 31, 2022	December 31, 2021
Special reserve	$308,061	$308,061

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were NT$279,270 thousand and NT$160,233 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of NT$308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of December 31, 2022, there was no change in the special reserve.

e. Other equity items

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

	2022	2021
Beginning Balance	($144,532)	($125,641)
Incurred this year		
Exchange differences on translation of foreign operations	39,679	(20,716)
Share in associates accounted for under the equity method	2,511	(2,734)
Related income tax	(8,199)	4,559
Ending Balance	($110,541)	($144,532)

Exchange differences in the translation of foreign operations' net assets denominated in functional currencies into the Group's presentation currency (NTD) are directly recognized in other comprehensive profits and losses as exchange differences in the translation of financial statements of foreign operations.

2) Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Incomes

	2022	2021
Beginning Balance	$493,835	$321,627
Incurred this year		
Unrealized gains (losses)		
Equity instruments	(142,789)	135,234
Share in associates accounted for under the equity method	(31,941)	36,974
Ending Balance	$319,105	$493,835

24. REVENUE

	2022	2021
Revenues from contracts with clients		
Proceeds of sale	$ 18,083,799	$ 20,771,165

Refer to Note 4 for description related to contracts with customers. Please refer to Note 35 for information on segment revenue and operating results of major products.

25. PROFIT BEFORE INCOME TAX

Net profit before income tax includes the following:

a. Interest income

	2022	2021
Cash and cash equivalents	$ 41,044	$ 40,611
Financial assets at fair value through profit or loss (Note 7)	1,215	1,098
Financial assets measured at amortized cost (Note 9)	44	17
Others	134	127
	$ 42,437	$ 41,853

b. Other income

	2022	2021
Operating lease income (Notes 16 and 30)	$ 43,622	$ 44,356
Dividend income		
Financial assets at fair value through profit or loss (Note 7)	3,463	3,967
Financial assets at fair value through other comprehensive profit and loss (Note 8)	33,242	15,110
Others	10,415	7,963
	$ 90,742	$ 71,396

c. Other gains and losses

	2022	2021
Loss and gain of financial assets at fair value through profit or loss (Note 7)	($ 5,183)	$ 3,753
Loss on financial assets measured at fair value through profit or loss (Note 7)	(13,364)	(2,499)
Net gain (loss) through foreign currency exchange	212,808	(15,349)
The gains (losses) on disposal and obsolescence of property, plant, and equipment (Note 14)	2,391	(729)
Expenses from rental assets	(5,840)	(6,484)
Others	(900)	(1,594)
	$ 189,912	($ 22,902)

d. Gain or loss on foreign currency exchange

	2022	2021
Total gain on foreign currency exchange	$ 326,998	$ 115,211
Total loss on foreign currency exchange	(114,190)	(130,560)
Net profit (loss)	$ 212,808	($ 15,349)

e. Financial costs

	2022	2021
Interest on bank loans	$ 6,486	$ 4,785
Interest on lease liabilities (Note 30)	449	499
Less: Amount of capitalization of interest (included in property under construction)	(100)	(121)
	$ 6,835	$ 5,163

Information about capitalized interest is as follows:

	2022	2021
Capitalized interest	$ 100	$ 121
Capitalization rate	0.85%~1.35%	0.80%~0.90%

f. Depreciation and amortization expenses

	2022	2021
Property, plant and equipment (Note 14)	$ 200,985	$ 193,946
right-of-use assets (Note 15)	5,828	5,803
Intangible assets (Note 17)	1,815	1,752
Total	$ 208,628	$ 201,501

	2022	2021
Depreciation expenses by function		
Cost of goods sold	$ 196,055	$ 188,773
Operating expenses	7,992	7,604
Other gains and losses	2,766	3,372
	$ 206,813	$ 199,749
Amortization expenses by function		
Cost of goods sold	$ 1,600	$ 1,600
Administrative expenses	215	152
	$ 1,815	$ 1,752

g. Employee benefits expense

	2022	2021
Post-employment benefits (Note 22)		
Defined contribution plans	$ 22,336	$ 21,443
Defined benefit plans	3,785	4,657
	26,121	26,100
Insurance expenses	36,643	36,111
Other employee benefits	516,990	633,917
An analysis of employee benefits expense	$ 579,754	$ 696,128
by function		
Cost of goods sold	$ 468,902	$ 565,078
Operating expenses	110,852	131,050
	$ 579,754	$ 696,128

h. Employees' compensation and remuneration of directors

According to Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively. However, the Company's accumulated deficits should be offset in advance. The aforementioned remuneration of the employees may be paid in shares or cash. When employees of the Company's control or subsidiaries meet certain conditions, they may also receive the remuneration of the assigned employees, and certain conditions thereof shall be determined by the board of directors.

The employees' compensation and remuneration of directors are resolved on March 3, 2023, and March 9, 2022, respectively, by the Board of Directors, were as follows:

	2022		2021	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	$ 5,524	1%	$ 23,534
Remuneration of directors	-	$ -	-	$ -

If there is still any change in the amount after the annual consolidated financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates and will be adjusted in the following year.

The actual distribution of the remuneration of the employees and directors for 2020 and 2021 is no different from the amount recognized in the consolidated financial statements for 2020 and 2021.

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

26. INCOME TAX

a. Major components of income tax expense recognized in profit or loss were as follows

	2022	2021
Current income tax		
In respect of the current year	$ 109,203	$ 480,192
Income tax on unappropriated earnings	35,512	34,731
Adjustments from previous years	(4,235)	(1,287)
	140,480	513,636
Deferred income tax		
In respect of the current year	(8,191)	43,538
Adjustments from previous years	7	338
	(8,184)	43,876
Income tax expense recognized in profit or loss	$ 132,296	$ 557,512

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

	2022	2021
Profit before income tax	$ 544,374	$ 2,407,444
Income tax expenses calculated at the statutory rate	$ 97,640	$ 537,520
Fees that cannot be deducted from taxes	848	909
Tax-exempted income	(6,748)	(17,235)
Income tax on unappropriated earnings	35,512	34,731
Unrecognized deductible temporary difference	(1,322)	(2,546)
Unrecognized loss carryforwards	10,594	5,080
Adjustments from previous years	(4,228)	(949)
Others	-	2
Income tax expense recognized in profit or loss	$ 132,296	$ 557,512

b. Income tax recognized in other comprehensive incomes

	2022	2021
Deferred income tax		
Incurred this year		
Exchange differences in the translation of financial statements of foreign operations	($ 8,199)	$ 4,559
Remeasurement of defined benefit plans	(6,228)	2,177
Income tax recognized in other comprehensive incomes	($ 14,427)	$ 6,736

c. Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets		
Tax refunds receivable	$ 9,538	$ -
Current income tax liabilities		
Income tax payable	$ 144,807	$ 456,961

d. Deferred tax assets and liabilities

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

2022

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive incomes	Exchange Differences	Ending Balance
Deferred income tax assets					
Temporary differences					
Allowance for inventory valuation	$ 1,347	$ 6,756	$ -	($ 1)	$ 8,102
Allowance for impaired receivables	9,587	1,976	-	37	11,600
Unrealized foreign exchange losses	6,742	(3,091)	-	-	3,651
Defined benefit plans	36,937	(5,513)	(6,228)	-	25,196
Payables for annual leave	3,906	(487)	-	-	3,419
Unrealized net gain on sale of goods	5,628	(4,216)	-	-	1,412
Loss carryforward	-	3,722	-	(11)	3,711
Others	1,556	926	-	-	2,482
	$ 65,703	$ 73	($ 6,228)	$ 25	$ 59,573
Exchange differences on translating the financial statements of foreign operations	$ 4,496	$ -	$ 8,199	$ -	$ 12,695
The shares of gains of foreign subsidiaries recognized under the equity method	59,729	(7,417)	-	-	52,312
Differences on depreciation between finance and tax	283	(50)	-	-	233
Reserve for land revaluation increment tax	143,860	-	-	-	143,860
Others	644	(644)	-	-	-
	$ 209,012	($ 8,111)	$ 8,199	$ -	$ 209,100

2021

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive incomes	Exchange Differences	Ending Balance
Deferred income tax assets					
Temporary differences					
Allowance for inventory valuation	$ 896	$ 449	$ -	$ 2	$ 1,347
Allowance for impaired receivables	11,018	(1,413)	-	(18)	9,587
Unrealized foreign exchange losses	7,070	(328)	-	-	6,742
Defined benefit plans	40,012	(5,252)	2,177	-	36,937
Payables for annual leave	4,024	(118)	-	-	3,906
Unrealized net gain on sale of goods	-	5,628	-	-	5,628
Others	1,562	(6)	-	-	1,556
	$ 64,582	($ 1,040)	$ 2,177	($ 16)	$ 65,703
Exchange differences on translating the financial statements of foreign operations	$ 9,055	$ -	($ 4,559)	$ -	$ 4,496
The shares of gains of foreign subsidiaries recognized under the equity method	17,472	42,257	-	-	59,729
Differences on depreciation between finance and tax	348	(65)	-	-	283
Reserve for land revaluation increment tax	143,860	-	-	-	143,860
Others	-	644	-	-	644
	$ 170,735	$ 42,836	($ 4,559)	$ -	$ 209,012

e. The amount of the deductible temporary differences and unrecognized loss carryforwards of deferred tax assets not recognized in the consolidated balance sheet

	December 31, 2022	December 31, 2021
Loss carryforward		
Maturity in 2022	$ -	$ 62,532
Maturity in 2023	124,213	124,213
Maturity in 2024	124,333	124,333
Maturity in 2026	20,327	20,327
Maturity in 2027	41,994	-
	$ 310,867	$ 331,405
Unrecognized temporary difference		
- Loss on impairment of accounts receivable	$ 66,141	$ 65,123
- Loss on impairment of property, plant, and equipment	80,936	84,735
- Others	1,180	1,296
	$ 148,257	$ 151,154

f. Income tax assessment

The Company's business income tax declaration case has been approved by the taxation and taxation authority for 2020.

g. The information of the income Taxes of the subsidiaries is as follows:

1) Taita (BVI) is exempt from income tax for both 2022 and 2021 as a result of applicable local government tax exemptions.

2) Delta Zhongshan, Delta Tianjin, and Zhangzhou Delta comply with the regulations of the local enterprise income tax law, and the applicable tax rate is 25%.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	2022	2021
Basic earnings per share	$ 1.04	$ 4.65
Diluted earnings per share	$ 1.04	$ 4.64

In calculating earnings per share, the impact of share dividend distribution has been adjusted retrospectively. The record date of new share issuance is set on August 5, 2022. Due to retrospective adjustments, the changes in basic and diluted earnings per share for the year 2021 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 4.89	$ 4.65
Diluted earnings per share	$ 4.88	$ 4.64

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net profit for the year

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Earnings used in the computation of basic and diluted earnings per share	$ 412,078	$ 1,849,932

Number of Shares

Unit: Thousand shares

	2022	2021
Weighted average number of ordinary shares used for calculation of basic earnings per share	397,587	397,587
Effect of potentially dilutive ordinary shares:		
Employees' compensation	383	793
Weighted average number of ordinary shares used for calculation of diluted earnings per share	397,970	398,380

If the Group chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential ordinary shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

28. CAPITAL RISK MANAGEMENT

The Group manages capital management under the precondition for sustainable development for the enterprises in the parties to ensure to maximize the remuneration for its shareholders by optimizing debts and equity balances. The overall strategy of the Group remained unchanged from the previous year.

The capital structure of the Group consists of the net debt and equity of the Group.

The main management of the Group periodically reviews the Group's capital structure, including consideration of the cost of various types of capital and related risks. The Group balances its overall capital structure by paying dividends and borrowing new bonds or repaying old bonds, as recommended by the main management.

29. FINANCIAL INSTRUMENTS

a. Information on fair value - financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair value or their fair value cannot be reliably measured.

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments in equity instruments				
- Domestic listed shares	$ 22,540	$ -	$ -	$ 22,540
- Unlisted stocks abroad	-	-	-	-
Mutual fund	333,210	-	-	333,210
Beneficiary securities	59,303	-	-	59,303
Total	$ 415,053	$ -	$ -	$ 415,053
Financial assets at fair value through other comprehensive incomes				
Investments in equity instruments				
- Domestic listed shares	$ 333,929	$ -	$ -	$ 333,929
- Foreign unlisted shares	-	-	7	7
- Unlisted stocks abroad	-	-	6	6
Total	$ 333,929	$ -	$ 13	$ 333,942

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 1,037	$ -	$ 1,037
Investments in equity instruments		-	-	
- Domestic listed shares	73,438	-	-	73,438
- Unlisted stocks abroad	-	-	-	-
Mutual fund	562,034	-	-	562,034
Beneficiary securities	59,466	-	-	59,466
Total	$ 694,938	$ 1,037	$ -	$ 695,975
Financial assets at fair value through other comprehensive incomes				
Investments in equity instruments				
- Domestic listed shares	$ 476,718	$ -	$ -	$ 476,718
- Foreign unlisted shares	-	-	7	7
- Unlisted stocks abroad	-	-	6	6
Total	$ 476,718	$ -	$ 13	$ 476,731

In 2022 and 2021, there was no transfer between Level 1 and Level 2 fair value measurements.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at fair value through other comprehensive incomes - equity instrument

	2022	2021
Balance at the beginning and end of the year	$ 13	$ 13

3) Valuation techniques and inputs applied for Level 2 fair value measurement

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

4) Valuation techniques and inputs of the fair value measurement at Level 3

The Group's evaluation process for fair value classified as Level 3 is carried out by the investment department where the verification of the fair value of financial instruments will be verified, and the evaluation results will be closely related to the market status through external source data, and the reviews will be regularly conducted to ensure that the evaluation results are reasonable. The fair value of the unlisted equity investment held by the Group domestically and abroad is evaluated by the asset-based approach, and its fair value is determined by referring to the latest net value of the investment company and its observable financial and operating conditions; the unobservable input value used on December 31, 2022, and 2021 is a liquidity discount of 15%.

c. Category of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measured at fair value through profit or loss - mandatorily measured at fair value through profit or loss	$ 415,053	$ 695,975
Financial assets measured at amortized cost (Note 1)	4,390,550	5,122,835
Financial assets at fair value through other comprehensive profit and loss- The investment of the equity instrument	333,942	476,731
Financial liabilities		
Measured at amortized cost (Note 2)	1,295,434	1,892,348

Notes 1: The balance includes cash and cash equivalents, pledge demand deposits and certificates of deposit, notes receivable and accounts receivable (including related parties), other receivables (including related parties, excluding business tax refunds receivable) and deposits and other financial assets measured at amortized cost.

Notes 2: The balance includes financial liabilities at amortized cost, which includes short-term and long-term loans, short-term bills payable, accounts payable (including related parties) and other payables (including related parties and excluding payables for taxes).

d. Financial risk management objectives and policies

The risk control and hedging strategies engaged in by the Group are affected by the operating environment, except that the Group has implemented appropriate risk management and control operations in accordance with the nature of the business and the principle of risk fragmentation. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The operating activities of the Group make the main market risks borne by the Group as the risks of exchange rate changes, interest rate changes, and other price changes.

Market risk in relation to the Group's financial instruments and its management and measurement approaches remain unchanged.

a) Foreign exchange risk

The Group engages in foreign currency-denominated sales and purchase transactions, causing the Group to cause risk exposure to the fluctuation of the exchange rates. In order to avoid fluctuations in the value of foreign currency assets and future cash flows due to exchange rate fluctuations, the Group avoids the impact of the exchange rates fluctuations through natural offsetting of foreign currency assets and liabilities and then coordinates forward foreign exchange contracts for the net position of foreign currency to avoid related risks. The use of forward foreign exchange contracts is governed by policies adopted by the Board of Directors of the Group. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group does not undergo the transaction of the forward foreign exchange contracts for speculative purposes.

For the Group's monetary assets and liabilities, denominated in non-functional currencies on the balance sheet date (including the monetary items and non-functional currencies written off in the consolidated financial statements), please refer to Note 33. The derivatives exposing the Company to foreign currency risk are set out in Note 7.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. When the functional currency of the consolidated entity appreciates/depreciates by 3% against USD, the Group's net income before tax will decrease/increase by 27,880 thousand dollars and 39,622 thousand dollars in 2022 and 2021, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Company's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The risk exposure of the fair value of the changes of the interest rates due to financial assets and financial liabilities held by the Group at a fixed interest rate; the risk exposure of cash flow of the changes of the interest rates due to financial assets and financial liabilities held at a floating interest rate. The management of the Group regularly monitors the changes in the market rates of interest and adjusts the positions of the financial instruments of the fixed rate and floating rate so that the interest rate of the Group is close to the market rates of interest in order to respond to the risks arising from changes in market rates of interest.

The Group's carrying amounts of financial assets and financial liabilities of risk exposure of the interest rates on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	$ 1,987,287	$ 2,114,020
- Financial liabilities	338,374	542,938
Cash flow interest rate risk		
- Financial assets	732,984	502,512
- Financial liabilities	150,000	150,000

Sensitivity analysis

With regard to the sensitivity analysis of interest rate risk, the Group is calculated based on the financial assets and financial liabilities with cash flow interest rate risk at the balance sheet date. The financial assets and financial liabilities of the fixed interest rate held by the Group are not included in the analysis because they are measured at amortized cost. The Group uses a 0.5% increase/decrease in market rates of interest as a reasonable risk assessment for reporting interest rate changes to the management. With all other variables remaining unchanged, a 0.5% increase/decrease in market rates of interest would result in an increase/decrease of $2,915 thousand dollars and $1,763 thousand dollars in net income before tax for the Group's year 2022 and 2021.

c) Other price risks

The Group's risk exposure of the equity price arises from holding securities investments such as domestic and foreign listed and unlisted shares, beneficiary securities, and fund beneficiary certificates. The management of the Group manages the risks by applying different risk portfolios. In addition, the Group assigns specific teams to oversee the price risks.

Sensitivity analysis

Sensitivity analysis is based on the price of marketable securities at the balance sheet date. However, in the financial assets of the Group measured at fair value through profit or loss, the risk of the price volatility of the monetary market funds is very low, so it is not included in the analysis.

If the equity price increases/decreases by 5%, the net income before tax for 2022 and 2021 will increase/decrease by 4,092 thousand dollars and 6,645 thousand dollars respectively due to the increase/decrease in fair value of financial assets (excluding monetary market fund investments) measured at fair value through profit or loss; the other comprehensive profits and losses before tax for 2022 and 2021 will increase/decrease by 16,697 thousand dollars and 23,837 thousand dollars respectively due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive profits or losses.

2) Credit risk

Credit risk refers to risk that causes the financial loss of the Group due to a counterparty's delay in performing contractual obligations. The policy adopted by the Group is to only trade with creditworthy subjects to mitigate the risk of financial losses incurred and to continuously monitor the credit exposures and the credit status of the trading subjects.

The balance of accounts receivable of specific clients of the Group as of December 31, 2022 and December 31, 2021, accounted for 14% and 16% of the total amount of notes receivable and accounts receivable, respectively, and the other accounts receivable covered a large number of clients and scattered among different regions, and were not concentrated in a single client or region. The Group's sales transactions for the aforementioned specific clients mitigate the risk of credit concentration by obtaining letters of credit issued by a financial institution before shipment, and continuously evaluate the financial situation of each account receivable customer, so its credit risk is limited. On the balance sheet date, the maximum amount of the credit risk of the Group is equivalent to the carrying amount of the financial assets.

3) Liquidity risk

The management of the Group is to support working capital and reduce liquidity risk by maintaining sufficient cash and cash equivalents and line of credit.

a) Liquidity and interest rate risk table

The following tables detail the Group’s contractual maturity analysis for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to repay, including the cash flow of interest and principal.

December 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Zero-interest-bearing liabilities		$ 845,434	$ -	$ -
Lease liabilities	1.10	5,013	20,052	15,039
Variable-rate instruments	1.32	151,545	-	-
Instruments with fixed interest rates	1.35	4,050	300,522	-
		$1,006,042	$ 320,574	$ 15,039

Additional information about the maturity analysis for lease liabilities is as follows:

	Less than 1 year	1-5 Years	5-10 Years
Lease liabilities	$ 5,013	$ 20,052	$ 15,039

December 31, 2021

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Zero-interest-bearing liabilities		$1,243,885	$ 2,743	$ -
Lease liabilities	1.10	5,013	20,052	20,052
Variable-rate instruments	0.52	150,000	-	-
Instruments with fixed interest rates	0.78	200,000	300,000	-
		$1,598,898	$ 322,795	$ 20,052

Additional information about the maturity analysis for lease liabilities is as follows:

	Less than 1 year	1-5 Years	5-10 Years
Lease liabilities	$ 5,013	$ 20,052	$ 20,052

b) Line of Credit

Bank borrowing is an important source of liquidity for the Group. The unused loan amount of the bank of the Group on the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Bank loan facilities		
Amount unused	$ 6,102,770	$ 5,432,374

30. RELATED PARTY TRANSACTIONS

The Company's ultimate parent company is USI Corporation, which held 36.79% of the ordinary shares of the Company as of December 31, 2022 and 2021.

All transactions between the Company and its subsidiaries, account balances, income, and expenses are eliminated upon consolidation and therefore are not shown in the notes. In addition to those disclosed in other notes, the transactions between the Group and other related parties are as follows.

a. Names and relations of related parties

Related Party	Relationship with the Group
USI Corporation ("USI")	Ultimate parent company
China General Plastics Corporation (“CGPC”)	Associate
Continental General Plastics (ZhongShan) Co., Ltd.	Associate
CGPC CONSUMER PRODUCTS CORPORATION	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation ("TVCM")	Associate
Global Green Technology Corporation	Associate
China General Terminal & Distribution Co. ("CGTD")	Associate
Asia Polymer Corporation ("APC")	Fellow subsidiary
USI Trading (SHANGHAI) Co., Ltd	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
Swanson Plastics (Kunshan) Co., Ltd.	Fellow subsidiary
USI Management Consulting Corp. ("UM")	Fellow subsidiary
USI Education Foundation ("USIF")	Substantial related parties

b. Sales

Related Party Category/Name	2022	2021
Ultimate parent company	$ 14,065	$ 4,576

The receipt conditions for the sales of the Group and the related parties are from 30 to 90 days after delivery, and the conditions and prices of the transaction are not significantly different from the general market conditions.

c. Purchase of goods

Related Party Category/Name	2022	2021
Associate	$ 2,279	$ 2,338
Fellow subsidiary	267	242
Ultimate parent company	-	679
	$ 2,546	$ 3,259

The payment terms for the purchase of goods by the Group and the related parties are 30 days after the acceptance, and the conditions and prices of the transaction are not significantly different from the general market conditions.

d. Payables to related parties (excluding loans from related parties)

Related Party Category/Name	December 31, 2022	December 31, 2021
Associate	$ 630	$ -
Fellow subsidiary	27	28
	$ 657	$ 28

The outstanding accounts payable from related parties are not overdue and not guaranteed.

e. Other transactions with related parties

1) Rental income (accounted as other income, notes 16 and 25)

Related Party Category/Name	2022	2021
Associate		
CGTD	$ 23,672	$ 23,379
TVCM	9,635	9,635
	33,307	33,014
Ultimate parent company	487	1,649
Fellow subsidiary	262	257
	$ 34,056	$ 34,920

2) Rental expenses (classified as operating costs, selling and marketing expenses and general and administrative expenses)

Related Party Category/Name	2022	2021
Ultimate parent company		
USI	$ 5,245	$ 4,722
Fellow subsidiary		
APC	2,392	1,891
Associate	1,451	1,413
	$ 9,088	$ 8,026

Payment of rental expenditure of USI Corporation and Asia Polymer Corporation mainly consists of renting part of its Taipei office and parking space, and the agreed rental on a monthly basis is based on the yearly actual rental area.

3) Lease agreements

Related Party Category/Name	December 31, 2022	December 31, 2021
Lease liabilities - current		
Fellow subsidiary		
APC	$ 4,614	$ 4,564
Lease liabilities - non-current		
Fellow subsidiary		
APC	$ 33,760	$ 38,374

Related Party Category/Name	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Lease expense		
Fellow subsidiary		
APC	$ 5,013	$ 5,013
Interest expenses		
Fellow subsidiary		
APC	$ 449	$ 499

The Company leased land in Linyuan from APC. The rental was paid on a monthly basis.

4) Storage tank operating expenses (classified as operating costs)

Related Party Category/Name	2022	2021
Associate		
CGTD	$ 11,549	$ 18,784

The Company appointed CGTD to handle the storage tank operating procedures of styrene monomer and butadiene, such as transportation, storage and loading. The storage tank operating expenses were paid on a monthly basis.

5) Revenues from management services (accounted as other revenue)

Related Party Category/Name	2022	2021
Ultimate parent company		
USI	$ 3,213	$ 2,211

6) Management service expenses (classified as administrative expenses)

Related Party Category/Name	2022	2021
Fellow subsidiary		
UM	$ 70,290	$ 48,067

The management service expenses paid to TGM mainly consist of the services including human resources and equipment and are paid on time based on the actual expenses incurred and costs incurred.

7) Donation expenses (classified as administrative expenses)

Related Party Category/Name	2022	2021
Substantial related parties		
USIF	$ 5,000	$ 4,000

8) Other expenses (accounted as cost of goods sold and administrative expenses)

Related Party Category/Name	2022	2021
Fellow subsidiary	$ 1,753	$ 1,627
Associate	1,621	-
	$ 3,374	$ 1,627

9) Payments for property, plant and equipment

Related Party Category/Name	2022	2021
Ultimate parent company	$ -	$ 390

10) Disposal of Property, Plant, and Equipment (2021: None)

Related Party Category/Name	Disposal proceeds 2022	Gain (Los) on Disposal 2022
Ultimate parent company	$ 6,588	$ -

11) Commission expense

Related Party Category/Name	2022	2021
Fellow subsidiary	$ 77	$ 388

12) Other receivables

Related Party Category/Name	December 31, 2022	December 31, 2021
Associate	$ 1,961	$ 2,862
Ultimate parent company	1,086	599
Fellow subsidiary	111	75
	$ 3,158	$ 3,536

Other receivables mainly include overheads receivable, management service expenses, and office rental.

13) Other Payables

Related Party Category/Name	December 31, 2022	December 31, 2021
Associate	$ 3,458	$ 4,639
Fellow subsidiary	1,058	1,523
Ultimate parent company	578	633
	$ 5,094	$ 6,795

Other payables included storage tank operating expense payables, rental expense payable and the allocation of service department costs payables.

f. Remuneration of key management personnel

Total remuneration for directors and other key management is as follows:

	2022	2021
Salaries and others	$ 24,045	$ 25,354
Retirement benefits	214	216
	$ 24,259	$ 25,570

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL

The following assets of the consolidated company have been provided as collateral for the issuance of bills of exchange, letters of credit, procurement of fuel, customs clearance operations and borrowings (Notes 9, 14, 15 and 18):

	December 31, 2022	December 31, 2021
Pledged bank deposits		
Financial assets measured at amortized cost - current	$ -	$ 809
Pledged time deposits		
Financial assets measured at amortized cost - current	5,000	3,000
- Accounted for other non-current assets	16,734	16,619
The net amount of property, plant, and equipment	15,807	17,433
land use rights		
- Accounted as right-of-use assets	20,099	20,578
	$ 57,640	$ 58,439

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the Group had the following material contingent liabilities and unrecognized contractual commitments at the end of the reporting period:

a. Till 31 December 2022 and 2021, the balance of unused letters of credit issued by the Group was NT $60,000 thousand dollars and NT $64,509 thousand dollars, respectively.

b. Explanation for the gas explosion in Kaohsiung:

The invested company, China General Terminal & Distribution Co., (hereinafter referred to as CGTD), under the adoption of the equity method by the Group, was entrusted to the operation of the propylene pipeline of LCY Chemical Corporation (hereinafter referred to as LCY Chemical Corp.) And the gas explosion of the propylene pipeline occurred on the evening of July 31, 2014, and the criminal part of the gas explosion case was dismissed by the Supreme Court on September 15, 2021, and three employees of CGTD were acquitted.

On February 12, 2015, CGTD reached an agreement with the Kaohsiung City Government to provide pledging certificates of bank deposits of NT$228,904 thousand, including interest, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan ("CPC"). Taiwan Power Company applied to the court for sequestration of CGTD's property on August 27 and November 26, 2015 and CGTD has deposited cash of NT$99,207 thousand to the court to avoid sequestration. Taiwan Water Corporation also applied to the court for false seizure of CGTD's property on February 3 and March 2, 2017 respectively. Till February 23, 2023, the value of the seized property of China General Terminal & Distribution Co. was about 11,393 thousand dollars.

Regarding all victims of the gas explosion, CGTD, altogether with LCY Chemical Corp. and the Municipal Government of Kaohsiung City, signed a tripartite agreement on July 17, 2015, under which compensations for all the 32 victims' heirs and claimants (the "victims' families"), NT$12,000 thousand per victim, totally NT$384,000 thousand, were negotiated. The compensation was advanced by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties. And as separately agreed by the parties on August 10, 2022, NT$157,347 thousand, accounting for 30% of the negligent liability decided in the first instance, shall be paid to LCY Chemical Corp., and the rest shall be done after the ruling of the civil action.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims' families.

As of February 23, 2023, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for NT$46,677 thousand, and the settlement amount was NT$4,519 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is NT$3,856,447 thousand. The first instance verdict of some of these civil cases (indemnity amount of NT$1,440,672 thousand) have been convicted since June 22, 2018 and most cases determined that the negligence liability ratio of Kaohsiun Municipal Government, Lee Chang Yung Chemical and CGTD was 4:3:3, and that CGTD, Lee Chang Yung Chemical and other defendants should pay compensation of about NT$401,979 thousand (of which NT$6,194 thousand was exempted from liability by the court). Currently CGTD has filed an appeal for the adjudicated but unsettled civil cases and proceeded with the second instance procedure successively. The rest of the cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately NT$1,912,949 thousand). CGTD signed a claim agreement with an insurance company, according to the negligence liability ratio determined by the judgment of first instance, it is estimated the settlement amount of victims and seriously injured, the compensation amount of civil litigation cases (including the settled cases), and estimated amount to be borne by itself after deducting the upper limit of insurance claim was NT$136,375 thousand, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

33. INFORMATION ON FOREIGN CURRENCY-DENOMINATED ASSETS AND LIABILITIES OF SIGNIFICANT INFLUENCE

The following summary is presented in foreign currencies other than the functional currency. The exchange rate disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

December 31, 2022

	Foreign currencies	Exchange rate (NT$)		Functional Currency	NTD
Foreign currency assets					
Monetary items					
USD	$ 54,155	30.7100	(USD: NTD)	$1,663,100	$ 1,663,100
EUR	58	32.7200	(EUR: NTD)	1,893	1,893
HKD	301	3.9380	(HKD: NTD)	1,186	1,186
RMB	288	0.1436	(RMB: USD)	41	1,259
RMB	9	4.4094	(RMB: NTD)	40	40
Foreign currency liabilities					
Monetary items					
USD	14,711	30.7100	(USD: NTD)	451,777	451,777
USD	9,183	6.9646	(USD: RMB)	63,955	282,003
Japanese Yen	983	0.2324	(Japanese Yen: NTD)	228	228

December 31, 2021

	Foreign currencies	Exchange rate (NT$)		Functional Currency	NTD
Foreign currency assets					
Monetary items					
USD	$ 83,753	27.6800	(USD: NTD)	$2,318,279	$ 2,318,279
HKD	1,345	3.5490	(HKD: NTD)	4,773	4,773
RMB	287	0.1568	(RMB: USD)	45	1,247
Non-monetary items					
Derivative instruments					
USD	7,340	27.6800	(USD: NTD)	1,037	1,037
Foreign currency liabilities					
Monetary items					
USD	26,790	27.6800	(USD: NTD)	741,536	741,536
USD	9,249	6.3757	(USD: RMB)	58,969	256,014

The net profits and losses (realized and unrealized) on foreign currency exchange of the Group in 2022 and 2021 were respectively net gains of 212,808 thousand dollars and net losses of 15,349 thousand dollars. Due to the wide variety of foreign currency transactions, it is not possible to disclose the profits and losses on foreign currency exchange in currencies according to the significant impact.

34. SUPPLEMENTARY DISCLOSURES

a. Information about significant transactions:

   1) Financing provided to others (None)
   2) Endorsements/guarantees provided to others (Table 1)
   3) Marketable securities held at the end of the period (excluding investments in subsidiaries and/or associates). (Table 2)
   4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 3)
   5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)
   6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)
   7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)
   8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)
   9) Trading in derivative instruments. (None)
   10) Others: The relationship between the parent companies and subsidiaries, the business relationship between the subsidiaries, and the significant transactions between subsidiaries. (Table 7)

b. Information about investees (Table 5)

c. Information on investments in mainland China:

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
   2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
      a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
      b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (Table 7)
      c) The amount of property transactions and the amount of the resultant gains or losses. (None)
      d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 1)
      e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
      f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)

d. Information on substantial shareholders (names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held). (Table 8)

35. SEGMENT INFORMATION

The information provided by the Group to the chief operational decision makers to allocate resources and evaluate the performance of the segment, focusing on each type of product delivered or offered. In accordance with the regulations of the operating segments of IFRS 8, the reportable segments of the Group consist of two segments, Plastic Raw Materials and Glass Wool (including Curved Surface Printing).

a. Segment Revenue and Operating Results

The revenue and operating results of the continuing operations of the Group are analyzed by the reportable segments as follows:

	Segment revenue		Segment gains	
	2022	2021	2022	2021
Plastic raw materials	$17,547,972	$20,235,524	$ 186,109	$ 2,214,542
Glass wool (including curved surface printing)	535,827	535,641	39,348	32,830
The total of continuing operations	$18,083,799	$20,771,165	225,457	2,247,372
Interest income			42,437	41,853
Other income			90,742	71,396
Other gains and losses			189,912	(22,902)
The share of profit or loss of the associates for under the equity method			2,661	74,888
Financial costs			(6,835)	(5,163)
Net income before tax of continuing operations			$ 544,374	$ 2,407,444

The revenue reported above is generated from the transactions with external clients. There were no transactions between the segments in 2021 and 2022.

The interests of the segments refer to the profits earned by the segments, excluding interest income, other income, other gains and losses, the shares of profits and losses of the associates under the equity method, and financial costs. The amount of the measurement is provided to the chief operating decision-makers to allocate resources to the segments and evaluate their performance.

The information on the segments provided to the operating decision-makers by the Group did not include the assets of individual operating segments, so the financial information on the segments did not include the measured amount of the assets of the operating segments.

b. Other information of the segments

	Depreciation and amortization	
	2022	2021
Plastic raw materials	$181,691	$176,540
Glass wool (including curved surface printing)	26,937	24,961
	$208,628	$201,501

c. Revenue from main products

The analysis of the revenue from the main products of the continuing operations of the Group is as follows:

	2022	2021
EPS	$ 8,392,101	$ 8,793,820
ABS	4,719,362	7,435,425
GPS	4,431,005	3,990,846
Glass wool products	521,864	494,522
Cubic printing products	13,963	41,119
IPS	5,504	15,433
	$ 18,083,799	$ 20,771,165

d. Region-specific information

The revenue from the continuing operations of the Group from external clients is classified according to the country of domicile of the clients, and non-current assets are listed by the regions of the asset as follows:

	Revenue from external clients		Non-current Assets	
			For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
	2022	2021	December 31	December 31
Asia	$13,306,485	$17,891,441	$ 2,139,336	$ 2,193,229
America	2,386,836	1,514,051	-	-
Africa	1,963,966	1,027,291	-	-
Europe	244,474	116,773	-	-
Others	182,038	221,609	-	-
	$18,083,799	$20,771,165	$ 2,139,336	$ 2,193,229

Non-current assets refer to property, plant, equipment, right-of-use assets, investment property, and intangible assets.

e. Important information of the clients

No revenue of the Group in 2022 and 2021 accounted for more than 10% of net sales revenue of clients, so there is no need for disclosure.

TABLE 1

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsements/Guarantees on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period (Note 1)	Outstanding Endorsement/Guarantee at the End of the Period (Note 1)	Actual Amount Drawn	Amount of Endorsements/Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement /Guarantee Given on Behalf of Companies in Mainland China
		Name of Company	Relationship										
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	100% voting shares directly owned by the Company	$ 7,206,214	$ 184,260 (USD 6,000 thousand)	$ 184,260 (USD 6,000 thousand)	$ -	$ -	2.56%	$ 10,809,321	Yes	No	No
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares directly owned by the Company's subsidiary	7,206,214	573,222 (RMB 130,000 thousand)	352,752 (RMB 80,000 thousand)	-	-	4.90%	10,809,321	Yes	No	Yes

Notes 1: The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2022.

Notes 2: The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of the Company. The endorsement/guarantee on behalf of other company shall not exceed 100% of the equity attributable to owners of the Company.

The maximum total endorsement/guarantee shall not exceed 200% of the equity attributable to owners of the Company and its subsidiaries. The endorsement/guarantee on behalf of other company shall not exceed 150% of the equity attributable to owners of the Company and its subsidiaries.

TABLE 2

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

SECURITIES HELD AT THE END OF PERIOD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Securities Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	Ending Balance				Note
				Number of shares/units	Carrying Amount	Percentage of Ownership (%)	Plan Assets	
Taita Chemical Co., Ltd..	Stock							
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive incomes - non-current	15,109,901	$ 333,929	1.27%	$ 333,929	Note 1
	Harbinger Venture Capital Corp.	–	〃	990	7	0.50%	7	Note 3
	UPC Technology Corporation	–	Financial assets at fair value through profit or loss - current	282,000	3,835	0.02%	3,835	Note 1
	China Steel Corporation	–	〃	350,000	10,430	-	10,430	Note 1
	Tung Ho Steel Enterprise Corp.	–	〃	91,500	4,822	0.01%	4,822	Note 1
	Quanta Computer Inc.	–	〃	86,000	3,453	0.03%	3,453	Note 1
	Mutual fund							
	Hua Nan Phoenix Money Market Fund	–	Financial assets at fair value through profit or loss - current	1,816,596	30,009	-	30,009	Note 2
	Yuanta De-Li Money Market Fund	–	〃	3,018,303	50,012	-	50,012	Note 2
	Yuanta De-Bao Money Market Fund	–	〃	7,634,736	93,156	-	93,156	Note 2
	Shin Kong Chi-Shin Money Market Fund	–	〃	1,272,872	20,004	-	20,004	Note 2
	Taishin Ta-Chong Money Market Fund	–	〃	3,465,868	50,016	-	50,016	Note 2
	Taishin 1699 Money Market Fund	–	〃	6,539,203	90,013	-	90,013	Note 2
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	–	Financial assets at fair value through profit or loss - current	3,280,000	59,303	-	59,303	Note 1
TAITA (BVI) Holding Co., Ltd.	Stock							
	Budworth Investment Ltd.	–	Financial assets at fair value through other comprehensive incomes - non-current	20,219	6 (USD - thousand)	2.22%	6 (USD - thousand)	Note 3
	Teratech Corporation	–	Financial assets at fair value through profit or loss - non-current	112,000	-	0.73%	-	Note 4
	Sohoware Inc. - preferred shares	–	〃	100,000	-	-	-	Note 4

Notes 1: The fair value is calculated based on the closing prices at TWSE on the last trading day of December 2022.

Notes 2: The fair value is calculated based on the net assets value of each fund on the last trading day of December 2022.

Notes 3: The Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value.

Notes 4: As of December 31, 2022, the Company evaluates the fair value of the equity instrument as $0.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable securities Type and Name	Financial Statement Account	Transactions Subjects	Relationship	Beginning of the period (Note 1)		Acquisition		Disposal				End of the period (Note 1)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling Price	Carrying Cost	Gain (Los) on Disposal	Number of Shares	Amount
Taita Chemical Co., Ltd.	Mutual Funds Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	–	–	3,036,468	$ 50,000	19,888,241	$ 328,000	19,906,406	$ 328,362	$ 328,000	$ 362	3,018,303	$ 50,000
TAITA (BVI) Holding Co., Ltd.	Stock Zhangzhou Taita Chemical Co., Ltd.	Investments accounted for under the equity method	–	–	-	-	-	1,378,445 (USD 48,580 thousand)	-	-	-	-	-	1,378,445 (USD 48,580 thousand) (Note 2)

Notes 1: The amount of the fund beneficiary certificates at the early period and at the end of the period is the original purchase cost.

Notes 2: At the time of the preparation of the consolidated financial report, it had been fully written off.

Taita Chemical Co., Ltd. and its subsidiaries

Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital
December 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Balance of Receivables from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taita Chemical Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsidiary	Other receivables $ 281,862 (USD 9,178 thousand) (Notes 1 and 3)	-	$ 281,862	Continuous collection	$ -	$ -

Notes 1: The total amount of Taita Chemical Co., Ltd. from selling raw materials to Taita Chemical (Tianjin) Co., Ltd. was reclassified to other receivables owing to it was overdue for a normal crediting period.

Notes 2: There was no amount received in the subsequent period as of March 3, 2023.

Notes 3: At the time of the preparation of the consolidated financial report, it had been fully written off.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		End of Period			Investee Company Profit (loss) in the current period	Recognized in the current period Profit and loss in Investments	Note (Note 1)
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of Shares	Ratio	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 2,755,854 (USD 89,738 thousand)	$ 2,755,854 (USD 89,738 thousand)	89,738,000	100.00%	$ 3,144,353 (USD 102,389 thousand)	($ 37,084) (Loss of USD 1,129 thousand)	($ 37,084) (Loss of USD 1,129 thousand)	Subsidiary (Note 2)
	China General Plastics Corporation	Taipei City	Manufacture and marketing of PVC plastic cloth	65,365	65,365	11,516,174	1.98%	187,231	(370,247)	(7,339)	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei City	Warehousing and transportation of petrochemical raw materials	41,082	41,082	23,892,871	33.33%	355,611	29,772	9,924	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei City	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.43%	33,466	16,348	398	Investments accounted for using the equity method
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	52,208 (USD 1,700 thousand)	52,208 (USD 1,700 thousand)	2,695,619	5.39%	67,401 (USD 2,195 thousand)	(5,961) (Loss of USD 195 thousand)	-	Investments accounted for using the equity method

Notes 1: The calculation of the investees was based on their audited financial statements for the same period.

Notes 2: At the time of the preparation of the consolidated financial report, it had been fully written off.

Notes 3: Investments in mainland China are included in Table 6.

TABLE 6

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

Investee company in mainland China	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outward Remittance for Investment from Taiwan at the End of Period	Profit (Loss) of Investee for the Period (Note 6)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 6)	Carrying Amount at End of Period (Note 6)	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Production and marketing of polystyrene derivatives	$ 1,420,338 (USD 46,250 thousand) (Note 1)	Investments through a holding company registered in a third region	$ 1,320,530 (USD 43,000 thousand)	$ -	$ -	$ 1,320,530 (USD 43,000 thousand)	(19,457) (Loss of USD 552 thousand)	100.00%	(19,457) (Loss of USD 552 thousand) (Note 7)	$ 1,826,664 (USD 59,481 thousand) (Note 7)	$ -
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)") (Note 8)	Production and marketing of polystyrene derivatives	839,919 (USD 27,350 thousand) (Note 2)	Investments through a holding company registered in a third region	798,460 (USD 26,000 thousand)	-	-	798,460 (USD 26,000 thousand)	(37,119) (Loss of USD 1,248 thousand)	100.00%	(37,119) (Loss of USD 1,248 thousand) (Note 7)	(152,697) (USD 4,972 thousand) (Note 7)	-
Zhangzhou Taita Chemical Co., Ltd. ("TTC (ZZ)")	Production and marketing of polystyrene derivatives	1,491,879 (USD 48,580 thousand) (Note 3)	Investments through a holding company registered in a third region	-	-	-	-	12,104 (Gain USD 396 thousand)	100.00%	12,104 (Gain USD 396 thousand) (Note 7)	1,365,483 (USD 44,464 thousand) (Note 7)	-
Acme Electronics (Kunshan) Co., Ltd. (ACME KS)	Manufacturing and marketing of manganese-zinc soft ferrite core	943,565 (USD 30,725 thousand)	By reinvesting in the third region at present Acme Electronics (Cayman) Corp. makes the reinvestment in mainland China	41,582 (USD 1,354 thousand)	-	-	41,582 (USD 1,354 thousand)	(45,406) (Loss of USD 1,488 thousand)	5.39%	(2,449) (Loss of USD 80 thousand)	42,829 (USD 1,395 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China at the End of Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$2,160,572 (USD 70,354 thousand)	$3,863,850 (USD 125,817 thousand) (Note 4)	$ - (Note 5)

Notes 1: TTC (ZS) resolved to issue share dividends of US$3,250 thousand in 2007.

Notes 2: TTC (TJ) resolved to issue share dividends of US$1,350 thousand in 2012.

Notes 3: TTC (ZZ) was registered for the year 2021, and Taita (BVI) injected US$48,580 thousand into TTC (ZZ) on March 8, 2022.

Notes 4: The amount distributed from share dividends included US$3,250 thousand from TTC (ZS), US$1,350 thousand from TTC (TJ), US$802 thousand from ACME (KS) and Taita (BVI) injected US$50,000 thousand.

Notes 5: According to Letter No. 11120416710 dated June 8, 2022 issued by the Ministry of Economic Affairs, the upper limit on investment in mainland China pursuant to the “Principle of Investment or Technical Cooperation in Mainland China” is not applicable.

Notes 6: The calculation of the investees was based on their audited financial statements for the same period.

Notes 7: At the time of the preparation of the consolidated financial report, it had been fully written off.

Notes 8: The Company’s management decided to suspend TTC (TJ)’s production from April 2019, please refer to Note 12 for details.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT COMPANIES AND SUBSIDIARIES AND THE SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Company	Counterparty	Relationship with Traders	Description of Transactions			
				Ledger Account	Amount (Note 2)	Transaction Term	Accounted for total consolidated revenue or The ratio of total assets (Note 1)
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	The parent companies to subsidiaries	Other receivables from related parties	$ 1,332	No material differences with non-related parties	0.01%
		Taita Chemical (Zhongshan) Co., Ltd.	The parent companies to subsidiaries	Sales revenue	3,035	No material differences with non-related parties	0.02%
		Taita Chemical (Tianjin) Co., Ltd.	The parent companies to subsidiaries	Other receivables from related parties	281,862	No material differences with non-related parties	3.05%
1	TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	The parent companies to subsidiaries	Other payables from related parties	4,607	No material differences with non-related parties	0.05%

Notes 1: The amount of the transactions is calculated as the ratio of the total consolidated revenue or total assets. In the case of asset-liability accounts, the balance at the end of the period is calculated as the proportion of the total consolidated assets; in the case of profit and loss accounts, the cumulative amount at the end of the period is calculated as the proportion of the total consolidated revenue.

Notes 2: At the time of the preparation of the consolidated financial report, it had been fully written off.

TABLE 8

TAITA CHEMICAL CO., LTD.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS
DECEMBER 31, 2022

Name of Substantial Shareholders	Shareholding	
	Number of shares held	Percentage of Ownership
Union Polymer International Investment Corporation	146,263,260	36.79%

Note: The information of substantial shareholders in this attachment refers to the information calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the current quarter of which the total number of common stocks and special stocks of the Company held, amounting to more than 5%, by the shareholder has been delivered without physical registration (including treasury shares). The capital stock recorded in the consolidated financial statements of the Company and the actual number of shares delivered without physical registration may be different or discrepant due to different compilation and calculation basis.

INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Shareholders

Taita Chemical Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taita Chemical Co., Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the Company’s consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Authenticity of the Recognition of Sales Revenue from Customers of Specific Products

Due to the market demand and the fluctuation of international crude oil price, the sales revenue of the Company declined compared with that for the year 2021. However, the sales revenue of specific products in 2022 showed a growing trend, and the sales revenue from some customers has increased significantly in great amounts. Whether these sales revenues are recognized when the contractual obligations are actually met will have a significant impact on the Financial Statements and is therefore the key audit matter for the year.

For relevant accounting policies and disclosures of the recognition of sales revenue, please refer to Notes 4, 23 of the Financial Statements.

We performed the corresponding audit procedures, for the authenticity of the recognition of sales revenue, as follows:

1. We understood and test the Company’s internal control procedures on the recognition of sales revenue and its effectiveness. Also, we evaluate the appropriateness of the accounting policies used by the management for the recognition of sales revenue.

2. We verify the authenticity of the recognition of sales revenue by examining the certificate of sales transactions, including purchase orders, shipping orders, export documents and collection information.
3. We review any occurrence of sales returns, discounts and allowances, and whether there are any abnormalities in the collections after the balance sheet date.

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

The management is responsible for preparing and fairly presenting the Financial Statements under the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for maintaining internal controls as appropriate to ensure the Financial Statements free from material misstatements arising from any fraud or error.

While preparing the Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, items related to going concern and using the going concern basis of accounting, unless it either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements, as a whole, are free from material misstatements due to any fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted under the auditing standards will always detect any material misstatement when it exists. Misstatements may arise from any 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 made on the basis of the Financial Statements.

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

1. Identify and assess the risks of material misstatement of the Financial Statements, whether arising from any fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of the 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 serious doubts about the Company's ability to continue as a going concern. In our auditors' report, we shall advise users to draw attention to related disclosures in the Financial Statements if any material uncertainty as we conclude or modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From items communicated with those charged with governance, we have identified key audit matters in the Company's financial statements for the year ended December 31, 2022. We disclose such items in our auditors' report unless law or regulation precludes or when, in very unusual situations, we decide not to communicate in our report because the consequences of doing so would outweigh the public interest thereon as reasonably expected

Deloitte & Touche

CPAChiu, Cheng-Chun

CPAHuang, Hsiu-Chun

Financial Regulatory Commission (FRC) Approval Number
Financial Regulatory Commission (FRC) certificate No. 0930160267

Securities and Futures Commission Approval Number
Securities and Futures Commission certificate No. 0920123784

March 10, 2023

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.

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

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 477,979	5	$ 425,875	4
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	415,053	5	695,975	7
1136	Financial assets at amortized cost - current (Notes 4, 9 and 30)	5,000	-	3,000	-
1150	Notes receivable (Notes 4 and 10)	45,071	-	44,729	-
1170	Accounts receivable (Notes 4, 5 and 10)	1,095,975	12	1,787,984	17
1180	Accounts receivable from related parties (Notes 4, 5, 10 and 29)	-	-	542	-
1200	Other receivables (Notes 4 and 10)	67,612	1	94,017	1
1210	Other receivables from related parties (Notes 4, 10 and 29)	285,580	3	259,271	2
130X	Inventories (Notes 4, 5 and 11)	733,589	8	943,406	9
1410	Prepayments and other current assets	80,783	1	138,507	1
11XX	Total current assets	3,206,642	35	4,393,306	41
	Non-current Assets				
1517	Financial assets at fair value through other comprehensive incomes - non-current (Notes 4 and 8)	333,936	4	476,725	5
1550	Investments accounted for under the equity method (Notes 4, 5 and 12)	3,720,661	41	3,770,026	36
1600	Property, plant and equipment (Notes 4, 13 and 29)	1,648,052	18	1,710,988	16
1755	Right-of-use assets (Notes 4, 14 and 29)	36,955	-	41,574	-
1760	Investment properties, net (Notes 4 and 15)	108,178	1	108,178	1
1780	Intangible assets (Notes 4 and 16)	2,279	-	4,094	-
1840	Deferred income tax assets (Notes 4 and 25)	50,908	1	62,723	1
1900	Other non-current assets (Note 30)	23,829	-	24,786	-
15XX	Total non-current assets	5,924,798	65	6,199,094	59
1XXX	Total assets	$ 9,131,440	100	$ 10,592,400	100

Code	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Liabilities				
2100	Short-term borrowings (Note 17)	$ 150,000	2	$ 350,000	3
2170	Accounts payable (Note 18)	587,893	6	947,229	9
2180	Accounts payable to related parties (Notes 18 and 29)	657	-	28	-
2200	Other payables (Note 19)	260,086	3	387,449	4
2220	Other payables from related parties (Note 29)	5,094	-	6,795	-
2230	Current tax liabilities (Notes 4 and 25)	142,379	2	443,684	4
2280	Lease liabilities - current (Notes 4, 14 and 29)	4,614	-	4,564	-
2365	Refund liabilities - current (Note 20)	1,102	-	897	-
2399	Other current liabilities	100,841	1	54,332	1
21XX	Total current liabilities	1,252,666	14	2,194,978	21
	Non-current Liabilities				
2540	Long-term borrowings (Note 17)	300,000	3	300,000	3
2570	Deferred income tax liabilities (Notes 4 and 25)	209,100	2	209,012	2
2580	Lease liabilities - non-current (Notes 4, 14 and 29)	33,760	-	38,374	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	127,716	2	186,419	2
2670	Other non-current liabilities	1,984	-	1,804	-
25XX	Total non-current liabilities	672,560	7	735,609	7
2XXX	Total liabilities	1,925,226	21	2,930,587	28
	Equity (Notes 12, 21 and 22)				
	Capital stock				
3110	Common stock	3,975,868	44	3,786,541	36
3200	Capital surplus	1,099	-	992	-
	Retained earnings				
3310	Legal reserve	457,804	5	273,706	2
3320	Special reserve	308,061	3	308,061	3
3350	Unappropriated earnings	2,254,818	25	2,943,210	28
3300	Total retained earnings	3,020,683	33	3,524,977	33
3400	Other equity	208,564	2	349,303	3
3XXX	Total equity	7,206,214	79	7,661,813	72
	Total liabilities and equity	$ 9,131,440	100	$ 10,592,400	100

The accompanying notes are an integral part of the Parent Company Only financial statements.

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
In Thousands of New Taiwan Dollars, Except Earnings per share

Code		2022 Amount	2022 %	2021 Amount	2021 %
4100	Net revenue (Notes 4, 20, 23 and 29)	$ 12,870,472	100	$ 15,726,081	100
5110	Cost of goods sold (Notes 11, 13, 14, 21, 24 and 29)	11,123,548	87	12,656,293	80
5900	Gross profit	1,746,924	13	3,069,788	20
5910	Unrealized loss of sales with subsidiaries	-	-	2,476	-
5920	Realized loss of sales with subsidiaries	(2,181)	-	-	-
	Operating expenses (Notes 10, 14, 21, 24 and 29)				
6100	Selling and marketing expenses	1,295,984	10	910,610	6
6200	Administrative expenses	128,765	1	117,882	1
6300	Research and development expense	15,312	-	18,546	-
6450	Expected credit impairment (gain) loss	(1)	-	2	-
6000	Total operating expenses	1,440,060	11	1,047,040	7
6900	Profit from operations	304,683	2	2,025,224	13
	Non-operating income and expenses (Notes 7, 12, 15, 24 and 29)				
7100	Interest income	3,800	-	1,463	-
7010	Other income	77,178	1	61,833	-
7020	Other gains and losses	202,146	1	(36,283)	-
7070	Shares of profit (loss) in subsidiaries and/or associates accounted for under the equity method	(34,101)	-	282,784	2
7510	Financial costs	(6,835)	-	(5,163)	-
7000	Total non-operating income and expenses	242,188	2	304,634	2

(Continued on the next page)

(Continued from the previous page)

Code		2022 Amount	2022 %	2021 Amount	2021 %
7900	Profit before income tax	$ 546,871	4	$ 2,329,858	15
7950	Income tax expense (Notes 4 and 25)	134,793	1	479,926	3
8200	Net profit for the year	412,078	3	1,849,932	12
	Other comprehensive incomes (Notes 8, 12, 21, 22 and 25)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	31,140	-	(10,886)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive incomes	(142,789)	(1)	135,234	1
8320	Shares of other comprehensive incomes (losses) in associates accounted for under the equity method - unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive incomes	(31,941)	-	36,974	-
8330	Shares of other comprehensive incomes (losses) in associates accounted for under the equity method - remeasurement of defined benefit plans	5,351	-	(247)	-
8349	Income tax related to components that will not be reclassified to profit or loss	(6,228)	-	2,177	-
		(144,467)	(1)	163,252	1

(Continued on the next page)

(Continued from the previous page)

Code		2022 Amount	2022 %	2021 Amount	2021 %
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	$ 40,992	-	($ 22,793)	-
8371	Share of other comprehensive loss of associates accounted for under the equity method - exchange difference resulting from translating the financial statements of foreign operations	1,198	-	(657)	-
8390	Income tax relating to items that may be reclassified subsequently to profit or loss	(8,199)	-	4,559	-
		33,991	-	(18,891)	-
8300	Other comprehensive incomes for the year (net of income tax)	(110,476)	(1)	144,361	1
8500	Total comprehensive income	$ 301,602	2	$ 1,994,293	13
	Earnings per share (Note 26)				
9710	Basic	$ 1.04		$ 4.65	
9810	Diluted	$ 1.04		$ 4.64	

(Continued on the next page)

The accompanying notes are an integral part of the Parent Company Only financial statements.

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.

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

		Share capital (Note 22)		Capital surplus (Note 22)			Retained earnings (Notes 21 and 22)				Other equity (Notes 12 and 22)			
Code		Shares (in Thousands)	Amount	Long-term equity investment	Other capital surplus	Total	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive incomes	Total	Total Equity
A1	Balance as of January 1, 2021	344,231	$ 3,442,310	$ 520	$ 296	$ 816	$ 81,781	$ 308,061	$ 2,326,852	$ 2,716,694	($ 125,641)	$ 321,627	$ 195,986	$ 6,355,806
	Appropriation of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	191,925	-	(191,925)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(688,462)	(688,462)	-	-	-	(688,462)
B9	Share dividends distributed by the Company	34,423	344,231	-	-	-	-	-	(344,231)	(344,231)	-	-	-	-
T1	Changes in capital surplus	-	-	33	143	176	-	-	-	-	-	-	-	176
D1	Net profit for the year 2021	-	-	-	-	-	-	-	1,849,932	1,849,932	-	-	-	1,849,932
D3	Other comprehensive incomes after tax for the year 2021	-	-	-	-	-	-	-	(8,956)	(8,956)	(18,891)	172,208	153,317	144,361
D5	Total comprehensive income for the year 2021	-	-	-	-	-	-	-	1,840,976	1,840,976	(18,891)	172,208	153,317	1,994,293
Z1	Balance as of December 31, 2021	378,654	3,786,541	553	439	992	273,706	308,061	2,943,210	3,524,977	(144,532)	493,835	349,303	7,661,813
	Appropriation of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	184,098	-	(184,098)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(757,308)	(757,308)	-	-	-	(757,308)
B9	Share dividends distributed by the Company	18,933	189,327	-	-	-	-	-	(189,327)	(189,327)	-	-	-	-
T1	Changes in capital surplus	-	-	107	-	107	-	-	-	-	-	-	-	107
D1	Net profit for the year 2022	-	-	-	-	-	-	-	412,078	412,078	-	-	-	412,078
D3	Other comprehensive incomes after tax for the year 2022	-	-	-	-	-	-	-	30,263	30,263	33,991	(174,730)	(140,739)	(110,476)
D5	Total comprehensive income for the year 2022	-	-	-	-	-	-	-	442,341	442,341	33,991	(174,730)	(140,739)	301,602
Z1	Balance as of December 31, 2022	397,587	$ 3,975,868	$ 660	$ 439	$ 1,099	$ 457,804	$ 308,061	$ 2,254,818	$ 3,020,683	($ 110,541)	$ 319,105	$ 208,564	$ 7,206,214

The accompanying notes are an integral part of the Parent Company Only financial statements.

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

Taita Chemical Co., Ltd.

Statements of Cash Flow
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A10000	Profit before income tax	$ 546,871	$ 2,329,858
	Adjustments for:		
A20100	Depreciation expenses	171,282	167,620
A20200	Amortization expenses	1,815	1,752
A20300	Expected credit impairment loss (gain on reversal)	(1)	2
A20400	Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	18,547	(1,254)
A20900	Financial costs	6,835	5,163
A21200	Interest income	(3,800)	(1,463)
A21300	Dividend income	(36,705)	(19,077)
A22300	Shares of profit (loss) in subsidiaries and/or associates accounted for under the equity method	34,101	(282,784)
A22500	Loss (Gain) on Disposal and Retirement of Property, Plant and Equipment	(3,333)	139
A23200	Gains on disposal on investments accounted for under the equity method	-	(153)
A23700	Write-down of inventory valuation and obsolescence	27,051	1,030
A23900	Unrealized loss of sales with subsidiaries	-	(2,476)
A24000	Realized loss of sales with subsidiaries	2,181	-
A29900	Recognition of refund liabilities	7,918	6,944
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	262,375	(333,731)
A31130	Notes receivable	(342)	(3,462)
A31150	Accounts receivable	684,297	(367,431)
A31160	Accounts receivable from related parties	542	2,303
A31180	Other receivables	26,577	(45,282)
A31190	Other receivables from related parties	(26,309)	7,409
A31200	Inventories	252,856	(442,288)
A31230	Prepayments and other current assets	(12,366)	(3,731)
A32150	Accounts Payable	(359,336)	(154,749)
A32160	Accounts payable to related parties	629	(470)
A32180	Other Payables	(145,817)	55,929
A32190	Other payables from related parties	(1,701)	2,617
A32230	Other current liabilities	46,509	33,505
A32240	Net defined benefit liabilities	(27,563)	(26,263)
A33000	Cash generated from operations	1,473,113	929,657
A33100	Interest received	3,628	1,460
A33300	Interest paid	(6,766)	(5,224)
A33500	Income tax paid	(438,622)	(314,016)
AAAA	Net cash generated from operating activities	1,031,353	611,877

(To be Continued)

(Continued)

Code		2022	2021
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	($ 3,000)	-
B00050	Proceeds from disposal of financial assets at amortized cost	1,000	-
B02700	Payments for property, plant and equipment	(95,064)	($ 97,410)
B02800	Proceeds from disposal of property, plant and equipment	9,921	-
B03700	Increase in refundable deposits	(748)	(787)
B03800	Decrease in refundable deposits	1,705	-
B04500	Payments for intangible assets	-	(440)
B07600	Dividends received	65,495	38,819
B09900	Proceeds from liquidation of investments accounted for under the equity method	-	153
BBBB	Net cash used in investing activities	(20,691)	(59,665)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	-	200,000
C00200	Decrease in short-term borrowings	(200,000)	-
C01600	Proceeds from long-term borrowings	750,000	1,600,000
C01700	Repayments of long-term borrowings	(750,000)	(1,600,000)
C04020	Repayment of the principal portion of lease liabilities	(4,564)	(4,514)
C04300	Increase in other non-current liabilities	180	175
C04500	Cash dividends paid	(757,308)	(688,462)
C04400	Refund of unclaimed overdue cash dividends	3,134	552
C09900	Claim for disgorgement	-	143
CCCC	Cash used in financing activities	(958,558)	(492,106)
EEEE	Increase in cash and cash equivalents in the current year	52,104	60,106
E00100	Cash and cash equivalents at the beginning of period	425,875	365,769
E00200	Cash and cash equivalents at the end of period	$ 477,979	$ 425,875

The accompanying notes are an integral part of the Parent Company Only financial statements.

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.

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

1. COMPANY HISTORY

Taita Chemical Co., Ltd. ("the Company") was founded in April 1960, mainly engaged in the manufacturing and sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resin, acrylonitrile-styrene copolymer (San) resin, glass wool insulation products, plastic raw materials, and other processed products. The ordinary shares of the Company have been publicly listed on the Taiwan Stock Exchange since 1986. The Company's parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of December 31, 2022. USI Corporation has operational control over the Company.

The Financial Statements are presented in the New Taiwan dollar, also the Company's functional currency.

2. DATE OF APPROVAL OF THE FINANCIAL STATEMENTS AND APPROVAL PROCEDURES

The Financial Statements were approved by the Company's board of directors on March 3, 2023.

3. APPLICATION OF THE NEWLY ISSUED AND/OR AMENDED STANDARDS AND INTERPRETATIONS

a. The initial application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

b. FSC-endorsed IFRSs that are applicable from 2023 onward

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred taxes on assets and liabilities arising from a single transaction"	January 1, 2023 (Note 3)

Notes 1: The amendments prospectively apply to the annual reporting periods beginning on or after January 1, 2023.

Notes 2: The amendments apply to changes in accounting estimates and in accounting policies which take place in the annual reporting periods beginning on or after January 1, 2023.

Notes 3: Except for the temporary differences arising from leases and decommissioning obligations on January 1, 2022 are recognized in deferred income tax, the amendment applies to transactions occurring after January 1, 2022.

Till the date of approval of the Financial Statements, the Company's assessment of the effects of aforementioned standards and the amendments to the interpretation will not have any serious impact on the financial position and financial performance.

c. Standards issued by the IASB but not yet endorsed and issued into effect by the FSC.

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the 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
Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 — Comparative Information”	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Notes 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Notes 2: The seller-lessee shall retrospectively apply the amendments to IFRS 16 in sale and leaseback transactions after the initial application of IFRS 16.

As of the date of approval of the Financial Statements, the Company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Compliance declaration

The Financial Statements have been prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Preparation basis

The consolidated Financial Statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less fair value of plan assets.

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

While preparing the Financial Statements, the Company adopts the equity method to account for its investments in subsidiaries and/or associates. To ensure the amounts of the net profit and loss, as well as other comprehensive incomes and equities, for the year in the Financial Statements are the same as those attributable to the owners of the Company in the Consolidated Financial Statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for under the equity method, and to the shares of profit or loss in subsidiaries and/or associates and the shares of other comprehensive incomes in subsidiaries and/or associates and the related equity items, as appropriate, in the Financial Statements.

c. Standards for assets and liabilities classified as current and non-current

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the reporting period; and
3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets or liabilities that are not specified above are classified as non-current.

d. Foreign currencies

While preparing the Financial Statements, transactions denominated in a currency other than the Company’s functional currency, a foreign currency, are translated into the Company's functional currency by using the exchange rate on the transaction date.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate prevailing on the date when the fair value is measured. The resulting exchange difference shall be included in the current profit and loss. Where changes in the fair value are recognized in any other comprehensive incomes, it shall be recognized in the comprehensive income.

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

While preparing the Financial Statements, the assets and liabilities of foreign operations (including subsidiaries and/or associates that operate in a country or a currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the period. The exchange difference arising are recognized in other comprehensive profit or loss.

e. Inventories

Inventories consist of raw materials, production supplies, finished goods, and work in progress. Inventories are measured at the lower of cost or net realizable value, and the comparison between costs and net realizable values is on individual item basis, except for inventories of the same type. The net realizable value is the estimated selling price of inventories less the estimated cost to be amortized until completion and all costs necessary for the sale. Inventories are measured at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company has adopted the equity method for investments in subsidiaries.

Subsidiaries refer to entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted after acquisition with changes in the Company's shares of profit or loss and other comprehensive incomes in subsidiaries and the profit distribution of the subsidiaries. In addition, changes in the Company’s shares of subsidiaries' other equity are recognized in proportion to its shareholding ratio.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of loss in a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for under the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss.

While evaluating any impairment, the Company considers cash-generating units as a whole in the Financial Statements and compares the recoverable amount and the carrying amount of cash-generating units. Subsequently, if the recoverable amount of an asset increases, the reversal of the impairment loss shall be recognized as an advantage, provided that the carrying amount of the asset recovered from the impairment loss shall not exceed that after the deduction of the amortization with the impairment loss not recognized.

The unrealized profit or loss on the downstream transactions between the Company and the subsidiary shall be excluded from the Financial Statements. Any gain or loss arising from the counter-current and side-current transactions between the Company and its subsidiaries shall be recognized in the Financial Statements to the extent not related to the Company's equity in the subsidiaries.

g. Investments in associates

Associates refer to entities that the Company has significant influences on, instead of subsidiaries.

The Company has applied the equity method to its investments in associates.

Under the equity method, investments in associates are initially recognized according to cost, and the carrying amount acquired in the future increases or decreases with the Company's shares of profit or loss and other comprehensive incomes in associates and the profit distribution of the associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

When associates issue new shares and the Company does not subscribe to such shares to the extent that its original shareholding ratio can be changed, and the net equity value of investment increases or decreases. Such difference is recorded as an adjustment to capital surplus - changes in the net equity value in associates under the equity method are recognized and other investments are made under the equity method. However, where the Company’s ownership interest in an associate is reduced because of not subscribing or acquiring new shares in proportion to its present holdings, the proportionate amount of gain or loss previously recognized in any other comprehensive incomes related shall be reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of related assets or liabilities. If such adjustment is required to be debited to capital surplus and the capital surplus recognized from investments accounted for under the equity method is insufficient, the difference shall be debited to retained earnings.

The Company ceases to recognize a further loss when its share of loss in an associate equals or exceeds its equity in the associate (including the carrying amount of the investments in the associate under the equity method and the Company's other long-term equities that are substantially the component of the net investment in the associate). The Company recognizes additional loss and liabilities only in the scope where the legal obligations and constructive obligations exist, or payments are made on behalf of the associates.

To assess impairment, the Company has to consider the overall carrying amount of the investment as a single asset to compare the recoverable and carrying amounts for the impairment test, and the recognized impairment loss is not allocated to any asset, a component of the carrying amount of the investment. The reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Company shall cease using the equity method as of the date on which an associate is no longer its investment. Its retained interest in the associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment on the date of acquisition of the equity method is included in profit or loss for the current period.

Any profit or loss arising from the upstream, downstream and side-stream transactions between the Company and its associates is recognized in the Financial Statements only when the profit or loss is irrelevant to the Company's interests in the associates.

h. Property, Plant and Equipment

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

Property, plant and equipment under construction are measured at cost less any recognized impairment loss. Costs include professional services fees and borrowing costs eligible for capitalization. Samples produced when these assets are tested for proper operation prior to their expected use are measured at low cost and net realization value, and their selling price and cost are recognized in profit or loss. Such assets are depreciated and divided into the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land, depreciation of property, plant and equipment is recognized depreciated separately for each significant part within the service life on a straight-line basis. The estimated service life, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

i. Investment properties

Investment properties also include land held for currently undetermined future use. Investment properties also include land held for any currently undetermined future use.

The investment properties held by the Company are land initially measured by cost (including transaction cost) and subsequently recognized as no depreciation, measured by the total cost less the cumulative impairment loss.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

j. Intangible Assets

Intangible assets with a limited service life are initially measured at cost and subsequently measured at cost less cumulative amortization and cumulative impairment loss. Intangible assets are amortized on a straight-line basis within the service life, and the Company reviews the estimated service life, residual value and amortization method at least at the end of each year and postpones the impact of the applicable changes in accounting estimate.

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

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

On each balance sheet date, the Company reviews the carrying amounts of its property, plant, and equipment, right-of-use assets, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's cash-generating unit. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. Where the recoverable amount of an individual asset or a cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to the recoverable amount, and the impairment loss shall be recognized in profit or loss.

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

l. Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

The regular trading of financial assets shall be recognized and derecognized under trade date accounting.

a) Types of measurement

Financial assets held by the Company are classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive profit or loss.

i. Financial assets at fair value through profit or loss

Financial asset is classified as at financial assets at fair value through profit or loss when such a financial asset is mandatorily classified. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated by the Company to be measured at fair value through other comprehensive incomes and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive incomes.

Financial assets at fair value through profit or loss are measured at fair value. Dividends and interest accrued are recognized in other income and interest income respectively, and profit or loss accrued from remeasurement are recognized in other gains or loses. Please refer to Note 28 for the methods for determining fair values.

ii. Financial assets at amortized cost

When the Company's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

i) Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flow; and
ii) The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

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

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

i) For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

ii) Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

A credit-impaired financial asset refers to the situation where the issuer or debtor has experienced significant financial difficulties or defaults and therefore the debtor is likely to file for bankruptcy or declare financial restructuring, or the disappearance of an active market for that financial asset due to financial difficulties has occurred.

Cash equivalents include highly liquid time deposits and reverse repurchase agreements collateralized by bonds that can be readily converted into fixed amount of cash with limited risk of change in value. Cash equivalents are held to meet short-term cash commitments.

iii. Investments in equity instruments at fair value through other comprehensive incomes

The Company may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive incomes.

Investments in equity instruments at fair value through other comprehensive incomes are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive incomes and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends of investments in equity instruments at fair value through other comprehensive incomes are recognized in profit or loss when the Company's right to receive payment is confirmed unless such dividends clearly represent the recovery of a part of the investment cost.

b) Impairment of financial assets

The impairment loss of financial assets (including accounts receivable) measured at amortized cost based on expected credit loss is assessed by the Company on each balance sheet date.

Accounts receivable are recognized as lifetime expected credit loss (ECLs). Where a financial asset has a credit risk not significantly increased since its initial recognition, a loss allowance for a 12-month expected credit loss is required; otherwise a loss allowance for lifetime expected credit loss is required.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit loss during the lifetime represents the expected credit loss arising from all possible defaults of the financial instrument during the expected existence period.

For internal credit risk management purposes, if any internal or external information shows that the debtor is unlikely to pay its creditors, the Company will determine that a financial asset is in default (without taking into account any collateral held by the Company).

The impairment loss of all financial assets is reduced based on the allowance account.

c) Derecognition of financial assets

The Company derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Company transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. Through the full derecognition of the investments in equity instruments at fair value through other comprehensive incomes, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except the financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Please refer to Note 28 for the methods for determining fair values.

b) Derecognition of financial liabilities

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

3) Derivative instruments

The Company enters into a variety of derivative instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

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

m. Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

Proceeds of sale

Proceeds of sale are derived from sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resins, acrylonitrile-styrene copolymer (San) resins, glass wool insulation products, plastic raw materials, and the related processed products. The sale of goods above is recognized as revenue when goods are delivered to a customer because it is the time when the customer has the sole discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

n. Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

1) Where the Company is a lessor:

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

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis over the lease term.

2) Where the Company is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

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

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the service life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liabilities are measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned during the lease term. When there is any change in future lease payments resulting from any change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement will be recognized in profit or loss. Lease liabilities are presented separately in the balance sheets.

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. Net interests on service costs and net defined benefit liabilities are recognized as employee benefits at the time of existence. The remeasurement amount (including actuarial gain and loss and the return on plan assets after deducting interest) is recognized in other comprehensive profit and loss and presented in retained earnings during a period in which it occurs. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities are the deficit of the contribution made according to the defined benefit pension plan.

q. Income tax

Income tax expenses are the sum of current income taxes and deferred income taxes.

1) Current income tax

The Company determines the income (loss) of the current period under the laws and regulations in each income tax declaration jurisdiction and calculates the income tax payable (recoverable) accordingly.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior-year income taxes payable are shown in the income taxes of the current year.

2) Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that the taxable capital is available for writing off temporary differences and loss deductions.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and/or associates, except where the Company can control the reversal of the temporary difference and probably, the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment when it is probable that sufficient taxable income will be available to realize the such temporary difference, deferred income tax assets are recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. A previously unrecognized deferred taxes asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected realization of assets or repayment of liabilities. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Company is expected to reclaim or settle the carrying amount of its assets and liabilities on the balance sheet date.

3) Current and deferred taxes

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

5. PRIMARY SOURCES OF UNCERTAINTIES IN MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When the Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The management shall continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; and if an amendment to accounting estimates affects the current and future periods, it shall be recognized during the amendment and in the subsequent periods.

Primary Sources of Estimation Uncertainties

a. Estimated impairment of accounts receivable

The estimated impairment of accounts receivable is based on the Company's assumptions regarding the probability of default and the rate of loss on default. The

Company considers historical experience, current market conditions and forward-looking information to make assumptions and select inputs for impairment assessment. For details of the key assumptions and inputs applied, refer to Note 10. If the actual cash flow in the future is less than expected by the Company, there may be material impairment loss.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

c. Estimation of damage compensation for associate's gas explosion incidents

The Company's associate, China General Terminal & Distribution Corporation ("CGTD"), recognized a provision for civil damages due to a gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 371	$ 441
Checks and demand deposits in banks	43,819	120,722
Cash equivalents		
Fixed term deposits	287,964	304,712
Bonds sold under repurchase agreement	145,825	-
	$477,979	$425,875

The market rate or interval of market rates of cash equivalents at the end of the reporting period was as follows:

	December 31, 2022	December 31, 2021
Fixed term deposits	1.18%~4.18%	0.08%~0.77%
Bonds sold under repurchase agreement	1.05%~1.35%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives (not under hedge accounting)		
- Forward foreign exchange contracts	$ -	$ 1,037
Non-derivative financial assets		
- Domestic listed shares	22,540	73,438
- Mutual fund	333,210	562,034
- Beneficiary securities	59,303	59,466
Subtotal	415,053	694,938
	$415,053	$695,975

Forward foreign exchange contracts that are not applicable to hedge accounting and have not been outstanding yet on the balance sheet date are as follows (December 31, 2022: None):

	Currency	Expiration Period	Contracted Amount (Thousand)
December 31, 2021			
Forward foreign exchange for sales	USD to NTD	2022.01.13~2022.03.21	USD 7,340 /TWD 204,227

The purpose of engaging in forward foreign exchange transactions for the years 2021, 2022 is mainly to avoid the risk of foreign currency assets and liabilities due to the fluctuations of the exchange rates. The forward foreign exchange contract held by the Company does not apply to hedge accounting because it does not meet the effective hedging conditions.

There were net loss of NT$505 thousand and net gain of NT$8,818 thousand arising from the transaction of financial assets measured at fair value through profit or loss in 2022 and 2021 respectively; The net loss arising from financial liabilities measured at fair value through profit or loss for the years ended December 31, 2022 and 2021 was NT$13,364 thousand and NT$2,499 thousand, respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOMES - NON-CURRENT

	December 31, 2022	December 31, 2021
Investments in equity instruments		
Domestic investment		
Ordinary shares of the listed companies		
－ USI Corporation	$ 333,929	$ 476,718
Ordinary shares of the unlisted companies		
－ Harbinger Venture Capital Corp. (“HARBINGER”)	7	7
	$ 333,936	$ 476,725

The Company invests in the aforesaid listed ordinary shares for medium- and long-term strategic purposes and expects to make profits through long-term investments. Accordingly, the management elected to designate such investments as measured at fair value through other comprehensive profit and loss as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Company’s strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31, 2022	December 31, 2021
Pledged time deposits	$ 5,000	$ 3,000

As of December 31, 2022 and 2021, the market interest rate range of pledged deposits was 1.32% to 1.41% and 0.37% to 0.69% per annum, respectively.

For information related to the pledged financial assets measured at amortized cost, please refer to Note 30.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Notes receivable (1)		
Notes receivable - operating	$ 45,071	$ 44,729
Accounts receivable (1)		
Measured at amortized cost		
Total carrying amount	$ 1,149,707	$ 1,841,717
Less: Allowance for impairment loss	(53,732)	(53,733)
	$ 1,095,975	$ 1,787,984
Accounts receivable from related parties (1) (Note 29)	$ -	$ 542
Other receivables (2)		
Business tax refund receivable	$ 67,204	$ 88,943
Others	408	5,074
	$ 67,612	$ 94,017
Other receivables from related parties (Note 29)	$ 285,580	$ 259,271

a. Notes receivable and accounts receivable

The average credit period for sales of goods is 30-180 days. No interest is charged on receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that a follow-up action is taken to recover overdue debts. For part of the accounts receivable, the Company entered into a credit insurance contract or obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company will also review recoverable amount of receivable on balance sheet date to ensure unrecoverable receivables are listed in impairment loss. To minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals, and other monitoring procedures to ensure that any follow-up action is taken to recover overdue debts. For part of the accounts receivable, the Company entered into a credit insurance contract or obtained sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company recognizes the allowance for losses on accounts receivable based on the lifetime expected credit loss. The expected credit loss on trade receivables is estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of the current and forecast directions of economic conditions at the reporting date.

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

The allowance for losses on the notes and accounts receivable based on the provision matrix are as follows:

December 31, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 4,192	$ 100,685	$ 82,058	$1,007,843	$1,194,778
loss allowance (lifetime expected credit loss)	-	-	(219)	(53,513)	(53,732)
Amortized cost	$ 4,192	$ 100,685	$ 81,839	$ 954,330	$1,141,046

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 2,148	$ 186,333	$ 76,787	$1,621,720	$1,886,988
loss allowance (lifetime expected credit loss)	-	-	(220)	(53,513)	(53,733)
Amortized cost	$ 2,148	$ 186,333	$ 76,567	$1,568,207	$1,833,255

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

	2022	2021
Beginning Balance	$ 53,733	$ 53,731
Expected credit impairment loss (gain on reversal)	(1)	2
Ending Balance	$ 53,732	$ 53,733

The aging of accounts receivable (including related parties) was as follows:

	December 31, 2022	December 31, 2021
Not Past Due	$ 1,105,180	$ 1,788,022
Past due within 60 days	33,011	45,448
Past due over 61 days	56,587	53,518
Total	$ 1,194,778	$ 1,886,988

The above aging schedule was based on the number of days past due from the end of the credit term.

As of December 31, 2022 and 2021, except that the balance of accounts receivable of specific clients accounted for 20% and 22% of the total amount of all accounts receivable respectively, the balance of accounts receivable of other clients did not exceed 10% of the total amount of all accounts receivable. The concentration of credit risk is limited because the Company’s customer base is vast and unrelated to each other.

b. Other receivables

Other receivables of the Company as of 31 December 2022 and 2021 have been assessed for impairment loss based on expected credit loss.

11. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	$ 359,669	$ 446,859
Work in process	130,666	105,084
Raw materials	218,227	370,705
Production supplies	25,027	20,758
	$ 733,589	$ 943,406

The cost of goods sold related to inventories in 2022 and 2021 was NT$11,123,548 thousand and NT$12,656,293 thousand, respectively.

The cost of goods sold related to inventories in 2022 and 2021 was NT$11,123,548 thousand and NT$12,656,293 thousand, respectively. The cost of goods sold included a write-down of NT$27,051 thousand and a reversal of inventory write-down of NT$1,030 thousand, which resulted from inventory closeout, for the years ended December 31, 2022 and 2021, respectively.

12. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	December 31, 2022	December 31, 2021
Investments in subsidiaries	$ 3,144,353	$ 3,142,621
Investments in associates	576,308	627,405
	$ 3,720,661	$ 3,770,026

a. Investments in subsidiaries

	December 31, 2022	December 31, 2021
Unlisted companies		
TAITA (BVI) Holding Co., Ltd. (TAITA (BVI))	$ 3,144,353	$ 3,142,621

			Proportion of Ownership	
Name of Investor	Name of Subsidiary	Nature of business	December 31, 2022	December 31, 2021
The Company	TAITA (BVI)	Reinvestment	100%	100%

Through TAITA (BVI), the Company indirectly invested in Taita Chemical (Tianjin) Co., Ltd. (“TAITA (TJ)”). The management stopped the production of TAITA (TJ) in April 2019 as a result of the reduction in demand of EPS, which is the main product of TAITA (TJ) in the local market. TAITA (TJ) determined the recoverable amount of the property, plant and equipment, including right-of-use assets, on the basis of their fair values less costs of disposal. The review led TAITA (TJ) to recognize an impairment loss of 39 thousand yuan in 2021, (2022: None), which was recognized in the shares of profit or loss in the subsidiaries. As assessed by the management of the Company, there were no significant changes in fair value as compared to December 31, 2022 and 2021.

On December 3, 2020, the Board of Directors of the Company resolved to establish Zhangzhou Taita Chemical Company Ltd. (TTC (ZZ)) with a capital contribution of RMB314,000 thousand from TAITA (BVI). The main business of TTC (ZZ) is the production and sale of EPS. The establishment of TTC (ZZ) was registered on June 28, 2021, and TAITA (BVI) injected RMB306,950 thousand into TTC (ZZ) on March 8, 2022.

The investments in subsidiaries accounted for by the equity method and the shares of profit or loss and other comprehensive incomes in subsidiaries for the years ended December 31, 2022 and 2021 were based on the subsidiaries’ financial statements audited by auditors for the same years.

b. Investments in associates

	December 31, 2022	December 31, 2021
Individually insignificant associates		
Listed companies		
China General Plastics Corporation ("CGPC")	$ 187,231	$ 221,245
Acme Electronics Corp. ("ACME")	33,466	32,429
Unlisted companies		
China General Terminal & Distribution Co. ("CGTD")	355,611	373,731
	$ 576,308	$ 627,405

Information on individually insignificant associates is summarized below:

	2022	2021
The Company's shares of:		
Profits from continuing operations	$ 2,983	$ 71,499
Other comprehensive incomes	(25,392)	36,070
Total comprehensive income	($ 22,409)	$ 107,569

The Company's ownership interest and percentage of the voting rights in related enterprises on the balance sheet date are as follows:

Name of Company	December 31, 2022	December 31, 2021
CGPC	1.98%	1.98%
ACME	2.43%	2.43%
CGTD	33.33%	33.33%

For the nature of activities, principal places of business and countries of incorporation of the associates, please refer to Table 5 "Information on Investees" .

The Company jointly held more than 20% of the long-term equity investment and associates of CGPC and ACME and had a significant influence on each company. Therefore, the valuation was conducted under the equity method.

Fair values (Level 1) of investments in associates with open market quotations are summarized as follows:

Name of Company	December 31, 2022	December 31, 2021
CGPC	$ 304,027	$ 399,611
ACME	$ 106,458	$ 237,809

All the aforesaid associates are accounted for under the equity method.

Except that ACME's financial statements for the year ended December 31, 2021 were not audited by CPAs, the shares of profit or loss in associates using the equity method and other comprehensive incomes for the years 2022, 2021 were recognized based on the associates' financial statements audited by CPAs in the same period. However, the Company's management considered no material impact arising from ACME's unaudited financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Transportation equipment	Other equipment	Construction in Progress	Total
Cost							
Balance as of January 1, 2021	$ 634,432	$ 866,474	$3,814,703	$ 24,754	$ 303,391	$ 57,696	$5,701,450
Addition	-	-	-	-	-	97,060	97,060
Disposal and obsolescence	-	(2,456)	(34,217)	(700)	(2,547)	-	(39,920)
Internal transfers	-	6,012	103,926	141	10,417	(120,496)	-
Balance as of December 31, 2021	$ 634,432	$ 870,030	$3,884,412	$ 24,195	$ 311,261	$ 34,260	$5,758,590
Accumulated depreciation							
Balance as of January 1, 2021	$ -	$ 637,291	$2,975,901	$ 23,796	$ 287,395	$ -	$3,924,383
Disposal and obsolescence	-	(2,317)	(34,217)	(700)	(2,547)	-	(39,781)
Depreciation expenses	-	21,893	135,435	436	5,236	-	163,000
Balance as of December 31, 2021	$ -	$ 656,867	$3,077,119	$ 23,532	$ 290,084	$ -	$4,047,602
Net amount as of December 31, 2021	$ 634,432	$ 213,163	$ 807,293	$ 663	$ 21,177	$ 34,260	$1,710,988
Cost							
Balance as of January 1, 2022	$ 634,432	$ 870,030	$3,884,412	$ 24,195	$ 311,261	$ 34,260	$5,758,590
Addition	-	-	-	-	-	110,315	110,315
Disposal and obsolescence	-	(768)	(31,002)	-	(6,670)	-	(38,440)
Internal transfers	-	5,980	69,047	-	9,094	(84,121)	-
Balance as of December 31, 2022	$ 634,432	$ 875,242	$3,922,457	$ 24,195	$ 313,685	$ 60,454	$5,830,465
Accumulated depreciation							
Balance as of January 1, 2022	$ -	$ 656,867	$3,077,119	$ 23,532	$ 290,084	$ -	$4,047,602
Disposal and obsolescence	-	(768)	(24,414)	-	(6,670)	-	(31,852)
Depreciation expenses	-	19,996	140,304	447	5,916	-	166,663
Balance as of December 31, 2022	$ -	$ 676,095	$3,193,009	$ 23,979	$ 289,330	$ -	$4,182,413
Carrying amounts as of December 31, 2021	$ 634,432	$ 199,147	$ 729,448	$ 216	$ 24,355	$ 60,454	$1,648,052

Property, plant, and equipment are depreciated on a straight-line basis over the following service life:

Buildings	
Plants	20, 30, 35, 40 and 55 years
Offices and laboratories	26-35 years
Warehouses	20-25 years
Storage tanks	8-20 years
Others	2-9 years
Machinery	
Environmental protection equipment	15-20 years
Monitoring equipment	11-15 years
Storage tanks and pipeline systems	10-15 years
Production and packaging equipment	8-15 years
Power systems	7-15 years
Others	2-8 years
Transportation equipment	5-15 years
Other equipment	2-15 years

14. LEASE AGREEMENTS

a. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amounts		
Land	$ 36,955	$ 41,574

	2022	2021
Depreciation expense of right-of-use assets		
Land	$ 4,619	$ 4,620

Except for the recognized depreciation expense, there were no significant additions, sublease and impairments of the Company's right-of-use assets for the years 2022, 2021.

b. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 4,614	$ 4,564
Non-current	$ 33,760	$ 38,374

The discount rate for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Land	1.10%	1.10%

The related parties lease the Company the land in Linyuan for the use of the factory. At the end of the lease term, the Company has no right of first refusal to the leased land. For transactions with related parties, please refer to Note 29.

c. Other lease information

For the Company's agreement to lease investment properties under operating leases, please refer to Note 15.

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Short-term lease expenses	$ 14,078	$ 12,159
Total cash outflow from leasing activities	$ 19,091	$ 17,172

The Company selects to apply the recognition exemptions to leases of office, machinery and equipment, transportation and transportation equipment leases that are eligible for short-term leases, and it does not recognize the relevant right-of-use assets and lease liabilities for such leases.

15. INVESTMENT PROPERTIES, NET

	December 31, 2022	December 31, 2021
Land	$ 108,178	$ 108,178

The Company's investment properties are located in Qianzhen District, Xingbang Section and Linyuan Industrial Park, an industrial land where comparable market transactions are not frequent. Thus, it's hard to obtain reliable alternative fair value estimates or to measure the fair value reliably.

The property located in Qianzhen District is leased to CGTD. The rental was NT$1,628 thousand per month, which is based on the actual usable area. Refer to Notes 24, 29.

16. INTANGIBLE ASSETS

	December 31, 2022	December 31, 2021
Carrying amount by function		
Information systems	$ 278	$ 493
Design expenses for factories	2,001	3,601
	$ 2,279	$ 4,094

Intangible assets are amortized on a straight-line basis over the following service life:

Information systems	3-5 years
Design expenses for factories	10 years

17. BORROWINGS

a. Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Line of credit borrowings	$ 150,000	$ 350,000

The range of interest rates on line of credit borrowings was 0.52%-0.74% and 1.32% per annum as of December 31, 2022 and 2021, respectively.

b. Long-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Credit loans	$ 300,000	$ 300,000

The annual interest rates of the Company's long-term borrowings were as follows:

	December 31, 2022	December 31, 2021
Credit loans	1.35%	0.81%

In order to fund medium to long-term working capital needs, the Company signed medium to long-term loan agreements with banks. As of December 31, 2022, the total lines of credit were NT$2,600,000 thousand. The loan agreements will subsequently expire before September 2025, and these lines of credit are used cyclically within the validity period of the contracts. As of December 31, 2022, NT$300,000 thousand have been utilized.

As provisioned in the Company's loan agreements, both the current ratio, and the liability ratio, as stated in the Financial Statements shall not be less than a specified percentage. In case of non-conformity, the Company shall propose improvement measures to the banks concerned. As of December 31, 2022, the Company did not violate these financial ratios and terms.

18. ACCOUNTS PAYABLE

	December 31, 2022	December 31, 2021
Accounts payable (including related parties)		
Arising from operations (Note 29)	$ 588,550	$ 947,257

The average accounting period of the accounts payable of the Company is 30 to 45 days. The Company has a financial risk management policy to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	December 31, 2022	December 31, 2021
Payables for salaries or bonuses	$ 90,292	$204,388
Payables for freight fees	71,781	106,038
Payables for utilities	25,517	27,334
Payables for equipment	24,856	9,605
Payables for professional service expenses	9,251	9,373
Payables for insurance	6,662	8,922
Payables for taxes	1,584	1,707
Others	30,143	20,082
	$260,086	$387,449

20. REFUND PROVISIONS

	December 31, 2022	December 31, 2021
Customer returns and rebates	$ 1,102	$ 897

	2022	2021
Beginning Balance	$ 897	$ 879
Provision	7,918	6,944
Returns and rebates	(7,713)	(6,926)
Ending Balance	$ 1,102	$ 897

The refund provision is based on the management’s judgments and other known reasons for which estimated product returns and rebates may occur for the year ended. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

21. POST-RETIREMENT BENEFIT PLAN

a. Defined contribution plans

The Company adopts a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

b. Defined benefit plans

The pension system adopted by the Company under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. Since November 1986, the Company contributed a specific rate (currently 12%) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment policy and strategy.

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

	December 31, 2022	December 31, 2021
Present Value of Defined Benefit Obligation	$ 470,859	$ 543,761
Fair Value of Plan Assets	(343,143)	(357,342)
Net defined benefit liabilities	$ 127,716	$ 186,419

Changes in net defined benefit liabilities are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance as of January 1, 2021	$ 593,645	($ 391,849)	$ 201,796
Service costs			
Service costs for the current period	3,949	-	3,949
Net interest expense (income)	2,184	(1,476)	708
Recognized in profit or loss	6,133	(1,476)	4,657
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(5,646)	(5,646)
Actuarial loss			
- Changes in demographic assumptions	12,124	-	12,124
- Changes in financial assumptions	(4,379)	-	(4,379)
- Experience adjustments	8,787	-	8,787
Recognized in other comprehensive incomes	16,532	(5,646)	10,886
Contributions by the employer	-	(29,142)	(29,142)
Benefits paid on plan assets	(70,771)	70,771	-
Provisions	(1,778)	-	(1,778)
Balance as of December 31, 2021	$ 543,761	($ 357,342)	$ 186,419

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance as of January 1, 2022	$ 543,761	($ 357,342)	$ 186,419
Service costs			
Service costs for the current period	2,903	-	2,903
Net interest expense (income)	2,606	(1,724)	882
Recognized in profit or loss	5,509	(1,724)	3,785
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(30,701)	(30,701)
Actuarial gain			
- Changes in financial assumptions	(4,229)	-	(4,229)
- Experience adjustments	3,790	-	3,790
Recognized in other comprehensive incomes	(439)	(30,701)	(31,140)
Contributions by the employer	-	(31,348)	(31,348)
Benefits paid on plan assets	(77,972)	77,972	-
Balance as of December 31, 2022	$ 470,859	($ 343,143)	$ 127,716

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	2022	2021
Cost of goods sold	$ 3,318	$ 3,925
Selling and marketing expenses	175	261
Administrative expenses	197	346
Research and development expense	95	125
	$ 3,785	$ 4,657

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.

2) Interest risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligations, but the compensation on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.

3) Salary risk: The present value of defined benefit obligations is calculated with reference to the future salaries of plan participants. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is measured on the basis of certified actuaries, and major assumptions on the measurement date are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.125%	0.500%
Average long-term salary adjustment rate	2.750%	2.250%

In the event of a reasonably possible change in the material actuarial assumptions, the amount of the increase (decrease) in the present value of the defined benefit obligation would be as follows, provided that all the other assumptions remain constant:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 7,345)	($ 8,781)
Decrease by 0.25%	$ 7,543	$ 9,027
Average long-term salary adjustment rate		
Increase by 0.25%	$ 7,291	$ 8,718
Decrease by 0.25%	($ 7,138)	($ 8,526)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

The Company expects to allocate NT$25,800 thousand and NT$20,000 thousand to the defined benefit plans within one year as of December 31, 2022, and December 31, 2021, respectively. The weighted average duration of the Company's defined benefit obligations on 31 December 2022 and 2021 is 6.4 years and 6.6 years, respectively.

22. EQUITY

a. Ordinary shares

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	400,000	400,000
Shares authorized	$ 4,000,000	$ 4,000,000
Number of shares issued and fully paid (in thousands)	397,587	378,654
Shares issued	$ 3,975,868	$ 3,786,541

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

On May 27, 2022, the Company resolved to increase its capital by issuing 18,933 thousand shares which included the 2021 earning at the Annual Shareholders' Meeting. The aforementioned issuance was approved by the Securities and Futures Bureau of FSC on July 6, 2022, and entered into force, and August 5, 2022 was resolved by the Board of Directors as the ex-dividend day.

b. Capital surplus

The capital surplus which arises from the consideration received from issuance of shares (including consideration from that of ordinary shares) and donations may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus arising from unpaid dividends due to overdue can offset a deficit only. Capital surplus from investments in subsidiaries and/or associates accounted for under the equity method may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any unappropriated 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. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 24 (8).

According to the provisions of the Company's Articles, the Company in order to take R&D needs and diversification of operations into consideration, dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable retained earnings per share of the current year are less than NT$0.1, the retained earnings are not to be distributed.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. When the Company has no deficit, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 approved in the annual shareholders' meetings on May 27, 2022 and July 26, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ 184,098	$ 191,925		
Cash dividends	757,308	688,462	$ 2.0	$ 2.0
Stock Dividends	189,327	344,231	0.5	1.0

The appropriation of earnings for 2021 had been proposed by the Company's Board of Directors on March 3, 2023, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 44,234	$ -
Cash dividends	198,793	0.5

The distribution of earnings for the year 2022 is still subject to resolution in the annual shareholders' meeting to be held on May 30, 2023.

d. Special reserve

The Company reserved a special reserve on the first-time adoption of IFRSs as follows:

	December 31, 2022	December 31, 2021
Special reserve	$ 308,061	$ 308,061

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were NT$279,270 thousand and NT$160,233 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of NT$308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of December 31, 2021, there was no change in the special reserve.

e. Other equity items

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

	2022	2021
Beginning Balance	($144,532)	($125,641)
Incurred this year		
Exchange differences on translation of foreign operations	40,992	(22,793)
Share in associates accounted for under the equity method	1,198	(657)
Related income tax	(8,199)	4,559
Ending Balance	($110,541)	($144,532)

Exchange difference resulting from translating net assets of foreign operations are translated into the presentation currency, the New Taiwan dollar. The resulting currency translation difference is recognized in other comprehensive incomes as exchange difference resulting from translating financial statements of foreign operations in the respective period.

2) Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Incomes

	2022	2021
Beginning Balance	$ 493,835	$ 321,627
Incurred this year		
Unrealized gains (losses)		
Equity instruments	(142,789)	135,234
Share in subsidiaries and/or associates accounted for under the equity method	(31,941)	36,974
Ending Balance	$ 319,105	$ 493,835

23. REVENUE

	2022	2021
Revenues from contracts with clients		
Proceeds of sale	$ 12,870,472	$ 15,726,081

Refer to Note 4 for description related to contracts with customers.

24. PROFIT BEFORE INCOME TAX

Net profit before income tax includes the following:

a. Interest income

	2022	2021
Cash and cash equivalents	$ 2,407	$ 221
Financial assets at fair value through profit or loss (Note 7)	1,215	1,098
Financial assets measured at amortized cost (Note 9)	44	17
Others	134	127
	$ 3,800	$ 1,463

b. Other income

	2022	2021
Rental income - operating lease (Notes 15, 29)	$ 34,666	$ 35,557
Dividend income		
Financial assets at fair value through profit or loss (Note 7)	3,463	3,967
Financial assets at fair value through other comprehensive profit and loss (Note 8)	33,242	15,110
Others	5,807	7,199
	$ 77,178	$ 61,833

c. Other gains and losses

	2022	2021
Loss and gain of financial assets at fair value through profit or loss (Note 7)	($ 5,183)	$ 3,753
Loss on financial assets measured at fair value through profit or loss (Note 7)	(13,364)	(2,499)
Net gain (loss) through foreign currency exchange	224,098	(29,425)
Loss (gain) on disposal and retirement of property, plant and equipment (Note 13)	3,333	(139)
Expenses from rental assets	(5,840)	(6,484)
Others	(898)	(1,489)
	$202,146	($ 36,283)

d. Gain or loss on foreign currency exchange

	2022	2021
Total gain on foreign currency exchange	$314,610	$ 99,318
Total loss on foreign currency exchange	(90,512)	(128,743)
Net profit (loss)	$224,098	($ 29,425)

e. Financial costs

	2022	2021
Interest on bank loans	$ 6,486	$ 4,785
Interest on lease liabilities (Note 29)	449	499
Less: Capitalized interest (included in construction in progress)	(100)	(121)
	$ 6,835	$ 5,163

Information about capitalized interest is as follows:

	2022	2021
Capitalized interest	$ 100	$ 121
Capitalization rate	0.85%~1.35%	0.80%~0.90%

f. Depreciation and amortization (Statement 18)

	2022	2021
Property, plant and equipment (Note 13)	$ 166,663	$ 163,000
Right-of-use assets (Note 14)	4,619	4,620
Intangible assets (Note 16)	1,815	1,752
Total	$ 173,097	$ 169,372
Depreciation expenses by function		
Cost of goods sold	$ 167,288	$ 163,087
Operating expenses	1,228	1,161
Other gains and losses	2,766	3,372
	$ 171,282	$ 167,620
Amortization expenses by function		
Cost of goods sold	$ 1,600	$ 1,600
Administrative expenses	215	152
	$ 1,815	$ 1,752

g. Employee benefits expense (Statement 18)

	2022	2021
Post-employment benefits (Note 21)		
Defined contribution plans	$ 13,286	$ 13,062
Defined benefit plans	3,785	4,657
	17,071	17,719
Insurance expenses	35,389	35,960
Other employee benefits	434,644	553,273
An analysis of employee benefits expense	$ 487,104	$ 606,952
by function		
Cost of goods sold	$ 408,896	$ 507,228
Operating expenses	78,208	99,724
	$ 487,104	$ 606,952

h. Employees' compensation and remuneration of directors

According to Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively. However, the Company's accumulated deficits should be offset in advance. When the employees of the Company's subsidiaries meet specific requirements they are also entitled to receive compensation in shares or cash. These requirements are set by the Board of Directors. The employees' compensation and remuneration of directors are resolved on March 3, 2023, and March 9, 2022, respectively, by the Board of Directors, were as follows:

	2022		2021	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	$ 5,524	1%	$ 23,534
Remuneration of directors	-	$ -	-	$ -

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 and will be adjusted in the following year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors 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 resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

a. Major components of income tax expense recognized in profit or loss were as follows

	2022	2021
Current income tax		
In respect of the current year	$105,184	$405,410
Income tax on unappropriated earnings	35,512	34,731
Adjustments from previous years	(3,379)	(3,644)
	137,317	436,497
Deferred income tax		
In respect of the current year	(2,531)	43,429
Adjustments from previous years	7	-
	(2,524)	43,429
Income tax expense recognized in profit or loss	$134,793	$479,926

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

	2022	2021
Profit before income tax	$ 546,871	$ 2,329,858
Income tax expenses calculated at the statutory rate	$ 109,374	$ 465,972
Fees that cannot be deducted from taxes	27	104
Tax-exempted income	(6,748)	(17,235)
Income tax on unappropriated earnings	35,512	34,731
Adjustments from previous years	(3,372)	(3,644)
Others	-	(2)
Income tax expense recognized in profit or loss	$ 134,793	$ 479,926

b. Income tax recognized in other comprehensive incomes

	2022	2021
Deferred income tax		
Incurred this year		
— Exchange differences on translating the financial statements of foreign operations	($ 8,199)	$ 4,559
— Remeasurement of defined benefit plans	(6,228)	2,177
Income tax recognized in other comprehensive incomes	($ 14,427)	$ 6,736

c. Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax liabilities		
Income tax payable	$142,379	$443,684

d. Deferred tax assets and liabilities

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

For the Year Ended December 31, 2022

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive incomes	Ending Balance
Deferred income tax assets				
Temporary differences				
Allowance for inventory valuation	$ 981	$ 5,410	$ -	$ 6,391
Allowance for impaired receivables	6,973	1,384	-	8,357
Loss on supplies	851	(186)	-	665
Defined benefit plans	36,937	(5,513)	(6,228)	25,196
Payables for annual leave	3,906	(487)	-	3,419
Unrealized foreign exchange losses	6,742	(3,091)	-	3,651
Unrealized net gain on sale of goods	5,628	(4,216)	-	1,412
Others	705	1,112	-	1,817
	$ 62,723	($ 5,587)	($ 6,228)	$ 50,908

Deferred income tax liabilities	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive incomes	Ending Balance
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 4,496	$ -	$ 8,199	$ 12,695
Share of profit in foreign subsidiaries recognized using the equity method	59,729	(7,417)	-	52,312
Differences on depreciation between finance and tax	283	(50)	-	233
Reserve for land revaluation increment tax	143,860	-	-	143,860
Others	644	(644)	-	-
	$ 209,012	($ 8,111)	$ 8,199	$ 209,100

For the Year Ended December 31, 2021

Deferred income tax assets	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive incomes	Ending Balance
Temporary differences				
Allowance for inventory valuation	$ 775	$ 206	$ -	$ 981
Allowance for impaired receivables	7,695	(722)	-	6,973
Loss on supplies	881	(30)	-	851
Defined benefit plans	40,012	(5,252)	2,177	36,937
Payables for annual leave	4,024	(118)	-	3,906
Unrealized foreign exchange losses	7,070	(328)	-	6,742
Unrealized net gain on sale of goods	-	5,628	-	5,628
Others	682	23	-	705
	$ 61,139	($ 593)	$ 2,177	$ 62,723
Deferred income tax liabilities				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 9,055	$ -	($ 4,559)	$ 4,496
Share of profit in foreign subsidiaries recognized using the equity method	17,472	42,257	-	59,729
Differences on depreciation between finance and tax	348	(65)	-	283
Reserve for land revaluation increment tax	143,860	-	-	143,860
Others	-	644	-	644
	$ 170,735	$ 42,836	($ 4,559)	$ 209,012

e. Income tax assessment

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

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	2022	2021
Basic earnings per share	$ 1.04	$ 4.65
Diluted earnings per share	$ 1.04	$ 4.64

In calculating earnings per share, the impact of share dividend distribution has been adjusted retrospectively. The record date of new share issuance is set on August 5, 2022. Due to retrospective adjustments, the changes in basic and diluted earnings per share for the year 2021 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 4.89	$ 4.65
Diluted earnings per share	$ 4.88	$ 4.64

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net profit for the year

	2022	2021
Earnings used in the computation of basic and diluted earnings per share	$ 412,078	$ 1,849,932

Number of shares

Unit: Thousand shares

	2022	2021
Weighted average number of ordinary shares used for calculation of basic earnings per share	397,587	397,587
Effect of potentially dilutive ordinary shares:		
Employees' compensation	383	793
Weighted average number of ordinary shares used for calculation of diluted earnings per share	397,970	398,380

If the Company chooses to offer employee compensation or share profit in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential ordinary shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential ordinary shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

27. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy has remained unchanged from the previous year.

The capital structure of the Company consists of net debt and equity.

The senior management of the Company regularly reviews the Company ’s capital structure. The review includes the consideration of the cost of various types of capital and related risks.

The Company balances its overall capital structure by paying dividends, borrowing new debt or repaying old debt, based on the recommendations of the senior management.

28. FINANCIAL INSTRUMENTS

a. Information on fair value - financial instruments not measured at fair value

The Company’s management believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximates their fair value. Otherwise, the fair value cannot be measured appropriately.

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments in equity instruments				
- Domestic listed shares	$ 22,540	$ -	$ -	$ 22,540
Mutual fund	333,210	-	-	333,210
Beneficiary securities	59,303	-	-	59,303
Total	$415,053	$ -	$ -	$415,053
Financial assets at fair value through other comprehensive incomes				
Investments in equity instruments				
- Domestic listed shares	$333,929	$ -	$ -	$333,929
- Foreign unlisted shares	-	-	7	7
Total	$333,929	$ -	$ 7	$333,936

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 1,037	$ -	$ 1,037
Investments in equity instruments				
- Domestic listed shares	73,438	-	-	73,438
Mutual fund	562,034	-	-	562,034
Beneficiary securities	59,466	-	-	59,466
Total	$694,938	$ 1,037	$ -	$695,975
Financial assets at fair value through other comprehensive incomes				
Investments in equity instruments				
- Domestic listed shares	$476,718	$ -	$ -	$476,718
- Foreign unlisted shares	-	-	7	7
Total	$476,718	$ -	$ 7	$476,725

In 2022 and 2021, there was no transfer between Level 1 and Level 2 fair value measurements.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at fair value through other comprehensive incomes - equity instrument

	2022	2021
Balance at the beginning and end of the year	$ 7	$ 7

3) Valuation techniques and inputs applied for Level 2 fair value measurement

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

4) Valuation techniques and inputs of the fair value measurement at Level 3

To determine the fair value for Level 3 financial instruments, the Group's investment department conducts independent fair value verification using external resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. The fair value of the unlisted equity investment held by the Company domestically is evaluated by the asset-based approach, and its fair value is determined by referring to the latest net value of the investment company and its observable financial and operating conditions; the unobservable input value used on December 31, 2022, and 2021 is a liquidity discount of 15%.

c. Category of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measured at fair value through profit or loss - mandatorily measured at fair value through profit or loss	$ 415,053	$ 695,975
Financial assets measured at amortised cost (Note 1)	1,933,842	2,551,261
Financial assets at fair value through other comprehensive profit and loss- The investment of the equity instrument	333,936	476,725
Financial liabilities		
Measured at amortized cost (Note 2)	1,211,853	1,784,278

Notes 1: The balance includes financial assets at amortized cost, which includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties and excluding VAT refund receivables) and pledged deposits.

Notes 2: The balance includes financial liabilities at amortized cost, which includes short-term and long-term loans, short-term bills payable, accounts payable (including related parties) and other payables (including related parties and excluding payables for taxes).

d. Financial risk management objectives and policies

The Company's risk control and hedging strategy are influenced by its operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The main financial risks the Company is exposed to in the business activities are foreign exchange risk, interest rate risk, and other price risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign exchange risk

The Company conducted foreign currency sales and purchases, which exposed the Company to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Company used foreign exchange forward contracts to eliminate foreign currency exposure and thus mitigate the impact of the risk. The use of forward foreign exchange contracts was governed by policies adopted by the Board of Directors of the Company. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis.

The Company did not enter into or trade foreign exchange forward contracts for speculative purposes.

For the monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, please refer to Note 32. The derivatives exposing the Company to foreign currency risk are set out in Note 7.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against U.S. dollars, the net income before tax for the years ended 2022 and 2021 would have decreased/increased by NT$36,340 thousand and NT$39,622 thousand, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Company's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Company was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Company was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Company's management regularly monitors the fluctuations on market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Company's interest rates more closely approach market rates in response to the interest rate risk.

The carrying amount of financial assets and financial liabilities of the Company exposed to interest rate risk on the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	$ 457,618	$ 322,331
- Financial liabilities	338,374	542,938
Cash flow interest rate risk		
- Financial assets	45,014	121,027
- Financial liabilities	150,000	150,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rate risk of cash flow for both financial assets and liabilities at the end of the reporting period. The fixed-rate financial assets and liabilities held by the Company are not included in the analysis as they are all measured at amortized cost. A 50 point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by NT$525 thousand and NT$145 thousand, respectively.

c) Other price risks

The Company was exposed to price risk through its investments in domestic listed shares, foreign and domestic unlisted shares, beneficiary securities and mutual funds. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor price risk.

Sensitivity analysis

Sensitivity analysis is based on the price of equity securities at the balance sheet date. However, in the financial assets measured at fair value through profit or loss of the Company's investment, the price fluctuation risk of monetary market funds is very low, so it is not included in the analysis.

If the equity price increases/decreases by 5%, the net profit before tax for the years ended 2022 and 2021 would increase/decrease by NT$4,092 thousand and NT$6,645 thousand respectively due to the increase / decrease in the fair value of financial assets (excluding investment in money market funds) measured at fair value through profit or loss. Other comprehensive profit and loss before tax for the years ended 2022 and 2021 would increase/decrease by NT$16,697 thousand and NT$23,836 thousand respectively due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive profit or loss.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company’s maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets.
b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company provided endorsement guarantees for the borrowings of subsidiaries. The guarantee amounts provided by the Company for endorsements were NT$537,012 thousand and NT$730,475 thousand, respectively, as of December 31, 2022 and 2021. However, according to the expectations on the balance sheet date, it is unlikely that the Company will pay the endorsement guarantees when the endorsee breaches the contract.

The balance of accounts receivable of specific clients of the Company as of December 31, 2022 and December 31, 2021, accounted for 20% and 22% of the total amount of all receivables, respectively, and the rest of the Company’s accounts receivable included numerous customers distributed over a variety of areas, and were not centered on a single customer or location. Furthermore, the Company mitigates credit concentration risk by obtaining letters of credit issued by financial institutions prior to shipment for the sales transactions to the aforementioned specific customers and continuously assesses the financial condition of its customers, and then the Company’s credit risk was limited. As at the end of the reporting period, the Company’s largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest repayment dates. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

December 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Zero-interest-bearing liabilities		$ 761,853	$ -	$ -
Lease liabilities	1.10	5,013	20,052	15,039
Variable-rate instruments	1.32	151,545	-	-
Instruments with fixed interest rates	1.35	4,050	300,522	-
		$ 922,462	$ 320,574	$ 15,039

Additional information about the maturity analysis for lease liabilities is as follows:

	Less than 1 year	1-5 Years	5-10 Years
Lease liabilities	$ 5,013	$ 20,052	$ 15,039

December 31, 2021

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Zero-interest-bearing liabilities		$ 1,136,943	$ 2,743	$ -
Lease liabilities	1.10	5,013	20,052	20,052
Variable-rate instruments	0.52	150,000	-	-
Instruments with fixed interest rates	0.78	200,000	300,000	-
		$ 1,491,956	$ 322,795	$ 20,052

Additional information about the maturity analysis for lease liabilities is as follows:

	Less than 1 year	1-5 Years	5-10 Years
Lease liabilities	$ 5,013	$ 20,052	$ 20,052

b) Line of Credit

Bank loans are an essential source of liquidity for the Company. The table below details the unused amount of bank loans at the end of the reporting period:

	December 31, 2022	December 31, 2021
Bank loan facilities		
Amount unused	$ 5,257,100	$ 4,397,994

29. RELATED PARTY TRANSACTIONS

The Company's ultimate parent company is USI Corporation, which held 36.79% of the ordinary shares of the Company as of December 31, 2022 and 2021.

Beside information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below:

a. Names and relations of related parties

Related Party	Relationship with the Company
USI Corporation ("USI")	Ultimate parent company
TAITA (BVI) Holding Co., Ltd. (TAITA (BVI))	Subsidiary
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Subsidiary
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	Subsidiary
China General Plastics Corporation	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation ("TVCM")	Associate
Global Green Technology Corporation	Associate
China General Terminal & Distribution Co. ("CGTD")	Associate
Asia Polymer Corporation ("APC")	Fellow subsidiary
USI Trading (SHANGHAI) Co., Ltd	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
USI Management Consulting Corp. ("UM")	Fellow subsidiary
USI Education Foundation ("USIF")	Substantial related parties

b. Sales

Related Party Category/Name	2022	2021
Ultimate parent company	$ 14,065	$ 4,576
Subsidiary	3,035	1,049,003
	$ 17,100	$ 1,053,579

The Company’s credit period of sales of goods to related parties was from 30 days to 90 days after delivering the products. The sales of goods between the Company and its related parties had no material differences from those of general sales transactions.

c. Purchase of goods

Related Party Category/Name	2022	2021
Associate	$ 2,279	$ 2,338
Fellow subsidiary	267	242
Ultimate parent company	-	679
	$ 2,546	$ 3,259

The Company's credit period of purchase of goods to related parties was from 30 days after acceptance. The purchase of goods between the Company and its related parties had no material differences from those of general sales transactions.

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

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary	$ -	$ 542

The outstanding receivables from related parties were unsecured. No impairment loss was recognized.

e. Payables to related parties (excluding loans from related parties)

Related Party Category/Name	December 31, 2022	December 31, 2021
Associate	$ 630	$ -
Fellow subsidiary	27	28
	$ 657	$ 28

The outstanding accounts payable from related parties are not overdue and not guaranteed.

f. Endorsements/guarantees

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary		
TTC (ZS)	$ 352,752	$ 564,395
TAITA (BVI)	184,260	166,080
	$ 537,012	$ 730,475

g. Other transactions with related parties

1) Rental income (classified as other income, see Notes 15 and 24)

Related Party Category/Name	2022	2021
Associate		
CGTD	$ 23,672	$ 23,379
TVCM	9,635	9,635
	33,307	33,014
Ultimate parent company	487	1,649
	$ 33,794	$ 34,663

2) Rental expenses (classified as operating costs, selling and marketing expenses and general and administrative expenses)

Related Party Category/Name	2022	2021
Ultimate parent company		
USI	$ 5,245	$ 4,722
Fellow subsidiary		
APC	2,392	1,891
Associate	273	281
	$ 7,910	$ 6,894

Payment of rental expenditure of USI and APC mainly consists of renting part of its Taipei office and parking space, and the agreed rental on a monthly basis is based on the yearly actual rental area.

3) Lease agreements

Related Party Category/Name	December 31, 2022	December 31, 2021
Lease liabilities - current		
Fellow subsidiary		
APC	$ 4,614	$ 4,564
Lease liabilities - non-current		
Fellow subsidiary		
APC	$ 33,760	$ 38,374

Related Party Category/Name	2022	2021
Lease expense		
Fellow subsidiary		
APC	$ 5,013	$ 5,013
Interest expenses		
Fellow subsidiary		
APC	$ 449	$ 499

The Company leased land in Linyuan from APC. The rental was paid on a monthly basis.

4) Storage tank operating expenses (classified as operating costs)

Related Party Category/Name	2022	2021
Associate		
CGTD	$ 11,549	$ 18,784

The Company appointed CGTD to handle the storage tank operating procedures of styrene monomer and butadiene, such as transportation, storage and loading. The storage tank operating expenses were paid on a monthly basis.

5) Revenues from management services (accounted as other revenue)

Related Party Category/Name	2022	2021
Ultimate parent company		
USI	$ 3,213	$ 2,211

6) Management service expenses (classified as administrative expenses)

Related Party Category/Name	2022	2021
Fellow subsidiary		
UM	$ 70,290	$ 48,067

The management service expenses paid to the fellow subsidiary is mainly due to labor support, equipment and other related services to the Company, and is paid on time according to the actual expenses and costs incurred.

7) Donation expenses (classified as administrative expenses)

Related Party Category/Name	2022	2021
Substantial related parties		
USIF	$ 5,000	$ 4,000

8) Other expenses (accounted as cost of goods sold and administrative expenses)

Related Party Category/Name	2022	2021
Associate	$ 1,753	$ 1,627
Fellow subsidiary	1,621	-
	$ 3,374	$ 1,627

9) Payments for property, plant and equipment

Related Party Category/Name	2022	2021
Ultimate parent company	$ -	$ 390

10) Disposal of property, plant, and equipment (2021: None)

	Disposal proceeds	Gain (Los) on Disposal
Related Party Category/Name	2022	2022
Ultimate parent company		
USI	$ 6,588	$ -

11) Commission expense

Related Party Category/Name	2022	2021
Fellow subsidiary	$ 77	$ 388

12) Other receivables

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary		
TTC (TJ)	$ 281,862	$ 256,014
Others	1,332	201
	283,194	256,215
Associate	1,258	2,450
Ultimate parent company	1,086	599
Fellow subsidiary	42	7
	$ 285,580	$ 259,271

Other receivables included raw material receivables, disbursement fee and management service receivables.

13) Other Payables

Related Party Category/Name	December 31, 2022	December 31, 2021
Associate	$ 3,458	$ 4,639
Fellow subsidiary	1,058	1,523
Ultimate parent company	578	633
	$ 5,094	$ 6,795

Other payables included storage tank operating expense payables, rental expense payable and the allocation of service department costs payables.

h. Remuneration of key management personnel

Total remuneration for directors and other key management is as follows:

	2022	2021
Salaries and others	$ 23,751	$ 25,354
Retirement benefits	214	216
	$ 23,965	$ 25,570

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for fuel purchases and the tariffs of imported raw materials and goods (Note 9):

	December 31, 2022	December 31, 2021
Pledged time deposits		
— Classified as financial assets at amortized cost - current	$ 5,000	$ 3,000
— Classified as other non-current assets	16,734	16,619
	$ 21,734	$ 19,619

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the Company had the following significant contingent liabilities and unrecognized contractual commitments at the end of the reporting period:

a. As of December 31, 2022 and 2021, unused letters of credit amounted to approximately NT$60,000 thousand and NT$64,509 thousand, respectively.

b. Explanation for the gas explosion in Kaohsiung:

Regarding the gas explosion of the propylene pipeline of Lee Chang Yung Chemical Industry Corporation ("Lee Chang Yung Chemical") on the night of July 31, 2014 operated by the invested company by the equity method, China General Terminal & Distribution Corporation (“CGTD”), the criminal case of the gas explosion incident was dismissed by the Supreme Court on September 15, 2021 and all three employees of CGTD were acquitted.

On February 12, 2015, CGTD reached an agreement with the Kaohsiung City Government to provide pledging certificates of bank deposits of NT$228,904 thousand, including interest, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan ("CPC"). Taiwan Power Company applied to the court for sequestration of CGTD's property on August 27 and November 26, 2015 and CGTD has deposited cash of NT$99,207 thousand to the court to avoid sequestration. Taiwan Water Corporation also applied to the court for false seizure of CGTD's property on February 3 and March 2, 2017 respectively. As of February 23, 2022, the provisionally attached property was worth NT$11,393 thousand.

Regarding all victims of the gas explosion, CGTD, altogether with LCY Chemical Corp. and the Municipal Government of Kaohsiung City, signed a tripartite agreement on July 17, 2015, under which compensations for all the 32 victims' heirs and claimants (the "victims' families"), NT$12,000 thousand per victim, totally NT$384,000 thousand, were negotiated. The compensation was advanced by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties. And as separately agreed by the parties on August 10, 2022, NT$157,347 thousand, accounting for 30% of the negligent liability decided in the first instance, shall be paid to LCY Chemical Corp., and the rest shall be done after the ruling of the civil action.

As for the seriously injured, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 65 seriously injured victims' families on October 25, 2017. Compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims' families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims' families.

As of February 23, 2023, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for NT$46,677 thousand, and the settlement amount was NT$4,519 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is NT$3,856,447 thousand. The first instance verdict of some of these civil cases (indemnity amount of NT$1,440,672 thousand) have been convicted since June 22, 2018 and most cases determined that the negligence liability ratio of Kaohsiun Municipal Government, Lee Chang Yung Chemical and CGTD was 4:3:3, and that CGTD, Lee Chang Yung Chemical and other defendants should pay compensation of about NT$401,979 thousand (of which NT$6,194 thousand was exempted from liability by the court). Currently CGTD has filed an appeal for the adjudicated but unsettled civil cases and proceeded with the second instance procedure successively. The rest of the cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately NT$1,912,949 thousand). CGTD signed a claim agreement with an insurance company, according to the negligence liability ratio determined by the judgment of first instance, it is estimated the settlement amount of victims and seriously injured, the compensation amount of civil litigation cases (including the settled cases), and estimated amount to be borne by itself after deducting the upper limit of insurance claim was NT$136,375 thousand, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

32. INFORMATION ON FOREIGN CURRENCY-DENOMINATED ASSETS AND LIABILITIES OF SIGNIFICANT INFLUENCE

The following information is aggregated by the foreign currencies other than the functional currency of the Company and the exchange rates between foreign currencies and the functional currency are disclosed. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

December 31, 2022

	Foreign currencies	Exchange rate (NT$)	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 54,155	30.7100 (USD: NTD)	$ 1,663,100
HKD	301	3.9380 (HKD: NTD)	1,186
EUR	58	32.7200 (EUR: NTD)	1,893
Non-monetary items			
Subsidiaries accounted for under the equity method			
USD	102,389	30.7100 (USD: NTD)	3,144,353
Foreign currency liabilities			
Monetary items			
USD	14,711	30.7100 (USD: NTD)	451,777

December 31, 2021

	Foreign currencies	Exchange rate (NT$)	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 83,753	27.6800 (USD: NTD)	$ 2,318,279
HKD	1,345	3.5490 (HKD: NTD)	4,773
Non-monetary items			
Subsidiaries accounted for under the equity method			
USD	113,455	27.6800 (USD: NTD)	3,142,621
Derivative instruments			
USD	7,340	27.6800 (USD: NTD)	1,037
Foreign currency liabilities			
Monetary items			
USD	26,790	27.6800 (USD: NTD)	741,536

The unrealized and realized foreign exchange gains and losses were a gain of NT$224,098 thousand and a loss of $29,425 thousand for the years ended December 31, 2022 and 2021, respectively. Due to the numerous foreign currency transactions and functional currencies of each individual entity of the Company, foreign exchange gains and losses cannot be disclosed on the respective significant foreign currency.

33. SUPPLEMENTARY DISCLOSURES

a. Information about significant transactions:

1) Financing provided to others (None)
2) Endorsements/guarantees provided to others (Table 1)
3) Marketable securities held at the end of the period (excluding investments in subsidiaries and/or associates). (Table 2)
4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 3)
5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)
6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)
7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)
8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)
9) Trading in derivative instruments. (None)

b. Information about investees (Table 5)

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (None)
   c) The amount of property transactions and the amount of the resultant gains or losses. (None)
   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 1)
   e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)

d. Information on substantial shareholders (names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held). (Table 7)

TABLE 1

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsements/Guarantees on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period (Note 1)	Outstanding Endorsement/Guarantee at the End of the Period (Note 1)	Actual Amount Drawn	Amount of Endorsements/Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name of Company	Relationship										
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	100% voting shares directly owned by the Company	$ 7,206,214	$ 184,260 (USD 6,000 thousand)	$ 184,260 (USD 6,000 thousand)	$ -	$ -	2.56%	$ 10,809,321	Yes	No	No
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares directly owned by the Company's subsidiary	7,206,214	573,222 (RMB 130,000 thousand)	352,752 (RMB 80,000 thousand)	-	-	4.90%	10,809,321	Yes	No	Yes

Notes 1: The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2022.

Notes 2: The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of the Company. The endorsement/guarantee on behalf of other company shall not exceed 100% of the equity attributable to owners of the Company.

The maximum total endorsement/guarantee shall not exceed 200% of the equity attributable to owners of the Company and its subsidiaries. The endorsement/guarantee on behalf of other company shall not exceed 150% of the equity attributable to owners of the Company and its subsidiaries.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

SECURITIES HELD AT END OF PERIOD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Securities Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	Ending Balance				Note
				Number of shares/units	Carrying Amount	Percentage of Ownership (%)	Plan Assets	
Taita Chemical Co., Ltd.	Stock							
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive incomes - non-current	15,109,901	$ 333,929	1.27%	$ 333,929	Note 1
	Harbinger Venture Capital Corp.	—	〃	990	7	0.50%	7	Note 3
	UPC Technology Corporation	—	Financial assets at fair value through profit or loss - current	282,000	3,835	0.02%	3,835	Note 1
	China Steel Corporation	—	〃	350,000	10,430	-	10,430	Note 1
	Tung Ho Steel Enterprise Corp.	—	〃	91,500	4,822	0.01%	4,822	Note 1
	Quanta Computer Inc.	—	〃	86,000	3,453	0.03%	3,453	Note 1
	Mutual fund							
	Hua Nan Phoenix Money Market Fund	—	Financial assets at fair value through profit or loss - current	1,816,596	30,009	-	30,009	Note 2
	Yuanta De-Li Money Market Fund	—	〃	3,018,303	50,012	-	50,012	Note 2
	Yuanta De-Bao Money Market Fund	—	〃	7,634,736	93,156	-	93,156	Note 2
	Shin Kong Chi-Shin Money Market Fund	—	〃	1,272,872	20,004	-	20,004	Note 2
	Taishin Ta-Chong Money Market Fund	—	〃	3,465,868	50,016	-	50,016	Note 2
	Taishin 1699 Money Market Fund	—	〃	6,539,203	90,013	-	90,013	Note 2
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at fair value through profit or loss - current	3,280,000	59,303	-	59,303	Note 1
TAITA (BVI) Holding Co., Ltd.	Stock							
	Budworth Investment Ltd.	—	Financial assets at fair value through other comprehensive incomes - non-current	20,219	6 (USD - thousand)	2.22%	6 (USD - thousand)	Note 3
	Teratech Corporation	—	Financial assets at fair value through profit or loss - non-current	112,000	-	0.73%	-	Note 4
	Sohoware Inc. - preferred shares	—	〃	100,000	-	-	-	Note 4

Notes 1: The fair value is calculated based on the closing prices at TWSE on the last trading day of December 2022.

Notes 2: The fair value is calculated based on the net assets value of each fund on the last trading day of December 2022.

Notes 3: The Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value.

Notes 4: As of December 31, 2022, the Company evaluates the fair value of the equity instrument as $0.

TABLE 3

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Securities	Financial Statement Account	Counterparty	Relationship	Beginning of period (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling Price	Carrying Cost	Gain (Los) on Disposal	Number of Shares	Amount
Taita Chemical Co., Ltd.	Mutual Funds													
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	3,036,468	$ 50,000	19,888,241	$ 328,000	19,906,406	$ 328,362	$ 328,000	$ 362	3,018,303	$ 50,000
TAITA (BVI) Holding Co., Ltd.	Stock													
	Zhangzhou Taita Chemical Co., Ltd.	Investments accounted for under the equity method	—	—	-	-	-	1,378,445 (USD 48,580 thousand)	-	-	-	-	-	1,378,445 (USD 48,580 thousand)

Note: The ending balance of mutual funds is the original purchase cost.

TABLE 4

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

Company Name	Counterparty	Relationship	Balance of Receivables from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taita Chemical Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsidiary	Other receivables $ 281,862 (USD 9,178 thousand) (Note 1)	-	$ 281,862	Continuous collection	$ -	$ -

Notes 1: The total amount of Taita Chemical Co., Ltd. from selling raw materials to Taita Chemical (Tianjin) Co., Ltd. was reclassified to other receivables owing to it was overdue for a normal crediting period.

Notes 2: There was no amount received in the subsequent period as of March 3, 2023.

TABLE 5

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		End of Period			Profit (Loss) of Investee for the Period	Investment Profit (Loss) Recognized	Note (Note 1)
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of Shares	Ratio	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 2,755,854 (USD 89,738 thousand)	$ 2,755,854 (USD 89,738 thousand)	89,738,000	100.00%	$ 3,144,353 (USD102,389 thousand)	($ 37,084) (Loss of USD 1,129 thousand)	($ 37,084) (Loss of USD 1,129 thousand)	Subsidiary
	China General Plastics Corporation	Taipei City	Manufacture and marketing of PVC plastic cloth	65,365	65,365	11,516,174	1.98%	187,231	(370,247)	(7,339)	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei City	Warehousing and transportation of petrochemical raw materials	41,082	41,082	23,892,871	33.33%	355,611	29,772	9,924	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei City	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.43%	33,466	16,348	398	Investments accounted for using the equity method
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	52,208 (USD 1,700 thousand)	52,208 (USD 1,700 thousand)	2,695,619	5.39%	67,401 (USD 2,195 thousand)	(5,961) (Loss of USD 195 thousand)	-	Investments accounted for using the equity method

Notes 1: The calculation of the investees was based on their audited financial statements for the same period.

Notes 2: Investments in mainland China are included in Table 6.

TABLE 6

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands Of New Taiwan Dollars, Unless Stated Otherwise)

Investee company in mainland China	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outward Remittance for Investment from Taiwan at the End of Period	Profit (Loss) of Investee for the Period (Note 6)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 6)	Carrying Amount at End of Period (Note 6)	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Production and marketing of polystyrene derivatives	$ 1,420,338 (USD 46,250 thousand) (Note 1)	Investments through a holding company registered in a third region	$ 1,320,530 (USD 43,000 thousand)	$ -	$ -	$ 1,320,530 (USD 43,000 thousand)	($ 19,457) (Loss of USD 552 thousand)	100.00%	($ 19,457) (Loss of USD 552 thousand)	$ 1,826,664 (USD 59,481 thousand)	$
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)") (Note 7)	Production and marketing of polystyrene derivatives	839,919 (USD 27,350 thousand) (Note 2)	Investments through a holding company registered in a third region	798,460 (USD 26,000 thousand)	-	-	798,460 (USD 26,000 thousand)	(37,119) (Loss of USD 1,248 thousand)	100.00%	(37,119) (Loss of USD 1,248 thousand)	(152,697) (USD 4,972 thousand)	
Zhangzhou Taita Chemical Co., Ltd. ("TTC (ZZ)")	Production and marketing of polystyrene derivatives	1,491,879 (USD 48,580 thousand) (Note 3)	Investments through a holding company registered in a third region	-	-	-	-	12,104 (Gain USD 396 thousand)	100.00%	12,104 (Gain USD 396 thousand)	1,365,483 (USD 44,464 thousand)	
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	943,565 (USD 30,725 thousand)	Investments through ACME Electronics (Cayman) Corp. registered in a third region	41,582 (USD 1,354 thousand)	-	-	41,582 (USD 1,354 thousand)	(45,406) (Loss of USD 1,488 thousand)	5.39%	(2,449) (Loss of USD 80 thousand)	42,829 (USD 1,395 thousand)	

Accumulated Outward Remittance for Investment in Mainland China at the End of Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 2,160,572 (USD 70,354 thousand)	$ 3,863,850 (USD 125,817 thousand) (Note 4)	$ - (Note 5)

Notes 1: TTC (ZS) resolved to issue share dividends of US$3,250 thousand in 2007.

Notes 2: TTC (TJ) resolved to issue share dividends of US$1,350 thousand in 2012.

Notes 3: TTC (ZZ) was registered for the year 2021, and Taita (BVI) injected US$48,580 thousand into TTC (ZZ) on March 8, 2022.

Notes 4: The amount distributed from share dividends included US$3,250 thousand from TTC (ZS), US$1,350 thousand from TTC (TJ), US$802 thousand from ACME (KS) and Taita (BVI) injected US$50,000 thousand.

Notes 5: According to Letter No. 11120416710 dated June 8, 2022 issued by the Ministry of Economic Affairs, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Notes 6: The calculation of the investees was based on their audited financial statements for the same period.

Notes 7: The Company's management decided to suspend TTC (TJ)'s production from April 2019, please refer to Note 12 for details.

TABLE 7

TAITA CHEMICAL CO., LTD.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

DECEMBER 31, 2022

Name of Substantial Shareholders	Shareholding	
	Number of shares held (shares)	Percentage of Ownership
Union Polymer International Investment Corporation	146,263,260	36.79%

Note: The information of substantial shareholders in this attachment refers to the information calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the current quarter of which the total number of common stocks and special stocks of the Company held, amounting to more than 5%, by the shareholder has been delivered without physical registration (including treasury shares). The capital stock recorded in the consolidated financial statements of the Company and the actual number of shares delivered without physical registration may be different or discrepant due to different compilation and calculation basis.

Taita Chemical Company, Ltd.

Chairman: Wu, Yi-Gui