Taita Chemical Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Taita Chemical Co., Ltd. as of and for the year ended December 31, 2021, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in the consolidated financial statements of Taita Chemical Co., Ltd. and subsidiaries. Consequently, we did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

TAITA CHEMICAL CO., LTD.

Chairman: Wu, Yi-Gui

March 9, 2022

INDEPENDENT AUDITORS' REPORT

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, 2021 and 2020, 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, 2021 and 2020, 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. 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 in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2021 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 Group has increased significantly in 2021, compared to 2020. However, the sales revenue of 2021 was mainly from specific products, 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 consolidated 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 consolidated financial statements.

We performed the corresponding audit procedures, for the authenticity of the recognition of sales revenue, as follows:

1. We understand and test the Group's internal control procedures on the recognition of sales revenue and its effectiveness. Also, we evaluate the appropriateness of the accounting policies used by 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 Matter

We have also audited the financial statements of Taita Chemical Co., Ltd. for the years ended December 31, 2021 and 2020 on which we have issued an unmodified report.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsiu-Chun Huang and Cheng-Chun Chiu.

Deloitte & Touche

Taipei, Taiwan, Republic of China

March 9, 2022

Notice to Readers:

The consolidated 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. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
Code	ASSETS	Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 2,598,283	24	$ 2,458,506	26
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	695,975	7	361,424	4
1140	Financial assets at amortized cost - current (Notes 4, 9 and 31)	3,809	-	3,000	-
1150	Notes receivable (Notes 4 and 10)	255,365	2	342,964	4
1170	Accounts receivable (Notes 4, 5 and 10)	2,213,149	21	1,875,137	20
1180	Accounts receivable from related parties (Notes 4, 5, 10 and 30)	-	-	27	-
1200	Other receivables (Notes 4 and 10)	112,786	1	65,473	1
1210	Other receivables from related parties (Notes 4, 10 and 30)	3,536	-	1,748	-
130X	Inventories (Notes 4, 5 and 11)	1,185,759	11	740,852	8
1410	Prepayments and other current assets	221,674	2	92,989	1
11XX	Total current assets	7,290,336	68	5,942,120	64
	NON-CURRENT ASSETS				
1520	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	476,731	4	341,497	4
1550	Investments accounted for using the equity method (Notes 4, 5, and 13)	693,810	6	604,638	7
1600	Property, plant and equipment (Notes 4, 14, 18, 30 and 31)	2,007,587	19	2,076,043	22
1755	Right-of-use assets (Notes 4, 15, 18, 30 and 31)	73,370	1	79,351	1
1760	Investment properties, net (Notes 4, 16, 18 and 31)	108,178	1	108,178	1
1780	Intangible assets (Notes 4 and 17)	4,094	-	5,406	-
1840	Deferred tax assets (Notes 4 and 26)	65,703	1	64,582	1
1990	Other non-current assets (Note 31)	24,850	-	24,055	-
15XX	Total non-current assets	3,454,323	32	3,303,750	36
1XXX	TOTAL	$ 10,744,659	100	$ 9,245,870	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 14, 15, 18 and 31)	$ 350,000	3	$ 150,000	2
2120	Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	434	-
2170	Accounts payable (Note 19)	1,029,476	10	1,179,603	13
2180	Accounts payable from related parties (Notes 19 and 30)	28	-	498	-
2200	Other payables (Note 20)	429,580	4	408,773	4
2220	Other payables from related parties (Note 30)	6,795	-	4,178	-
2230	Current tax liabilities (Notes 4 and 26)	456,961	4	392,544	4
2280	Lease liabilities - current (Note 4, 15 and 30)	4,564	-	4,514	-
2365	Refund liabilities - current (Note 21)	897	-	879	-
2399	Other current liabilities	64,859	1	28,754	-
21XX	Total current liabilities	2,343,160	22	2,170,177	23
	NON-CURRENT LIABILITIES				
2540	Long-term borrowings (Notes 14, 16, 18 and 31)	300,000	3	300,000	3
2570	Deferred tax liabilities (Notes 4 and 26)	209,012	2	170,735	2
2580	Lease liabilities - non-current (Note 4, 15 and 30)	38,374	-	42,938	1
2640	Net defined benefit liabilities - non-current (Note 22)	186,419	2	201,796	2
2670	Other non-current liabilities	5,881	-	4,418	-
25XX	Total non-current liabilities	739,686	7	719,887	8
2XXX	Total liabilities	3,082,846	29	2,890,064	31
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 13 and 23)				
	Share capital				
3110	Common stock	3,786,541	35	3,442,310	37
3200	Capital surplus	992	-	816	-
	Retained earnings				
3310	Legal reserve	273,706	3	81,781	1
3320	Special reserve	308,061	3	308,061	4
3350	Unappropriated earnings	2,943,210	27	2,326,852	25
3300	Total retained earnings	3,524,977	33	2,716,694	30
3400	Other equity	349,303	3	195,986	2
3XXX	Total equity	7,661,813	71	6,355,806	69
	TOTAL	$ 10,744,659	100	$ 9,245,870	100

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

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TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2021 Amount	2021 %	2020 Amount	2020 %
4100	NET REVENUE (Notes 4, 21, 24 and 30)	$ 20,771,165	100	$ 15,498,381	100
5110	COST OF GOODS SOLD (Notes 11, 22, 25 and 30)	17,385,209	84	12,375,109	80
5900	GROSS PROFIT	3,385,956	16	3,123,272	20
	OPERATING EXPENSES (Notes 10, 22, 25 and 30)				
6100	Selling and marketing expenses	953,213	4	514,070	3
6200	General and administrative expenses	166,825	1	167,216	1
6300	Research and development expenses	18,546	-	20,523	-
6000	Total operating expenses	1,138,584	5	701,809	4
6900	PROFIT FROM OPERATIONS	2,247,372	11	2,421,463	16
	NON-OPERATING INCOME AND EXPENSES (Notes 7, 9, 13, 25 and 30)				
7100	Interest income	41,853	-	33,052	-
7010	Other income	71,396	-	54,889	-
7020	Other gains and losses	(22,902)	-	(63,253)	-
7060	Share of profit of associates	74,888	1	56,841	-
7510	Finance costs	(5,163)	-	(21,003)	-
7000	Total non-operating income and expenses	160,072	1	60,526	-

(Continued)

Code		2021 Amount	2021 %	2020 Amount	2020 %
7900	PROFIT BEFORE INCOME TAX	$ 2,407,444	12	$ 2,481,989	16
7950	INCOME TAX EXPENSE (Notes 4 and 26)	557,512	3	562,171	4
8200	NET PROFIT FOR THE YEAR	1,849,932	9	1,919,818	12
	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	(10,886)	-	(1,500)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	135,234	1	132,192	1
8320	Share of the other comprehensive income (loss) of associates accounted for using the equity method - unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	36,974	-	36,175	-
8330	Share of the other comprehensive income (loss) of associates accounted for using the equity method - remeasurement of defined benefit plans	(247)	-	628	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	2,177	-	300	-
		163,252	1	167,795	1

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Code		2021 Amount	2021 %	2020 Amount	2020 %
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	($ 20,716)	-	$ 85,673	1
8371	Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(2,734)	-	160	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	4,559	-	(17,148)	-
		(18,891)	-	68,685	1
8300	Other comprehensive income for the year, net of income tax	144,361	1	236,480	2
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,994,293	10	$ 2,156,298	14
	EARNINGS PER SHARE (Note 27)				
9710	Basic	$ 4.89		$ 5.07	
9810	Diluted	$ 4.88		$ 5.06	

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TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the company (Notes 13 and 23)												
		Share capital		Capital surplus			Retained earnings				Other equity			
Code		Shares (In Thousands)	Amount	Long-tern equity investment	Other capital surplus	Total	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Total equity
A1	BALANCE AT JANUARY 1, 2020	334,205	$ 3,342,048	$ 514	$ 296	$ 810	$ 42,017	$ 308,061	$ 647,893	$ 997,971	($ 194,326)	$ 153,260	($ 41,066)	$ 4,299,763
	Appropriation of 2019 earnings													
B1	Legal reserve	-	-	-	-	-	39,764	-	(39,764)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(100,261)	(100,261)	-	-	-	(100,261)
B9	Share dividends distributed by the Company	10,026	100,262	-	-	-	-	-	(100,262)	(100,262)	-	-	-	-
T1	Changes in capital surplus	-	-	6	-	6	-	-	-	-	-	-	-	6
D1	Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-	1,919,818	1,919,818	-	-	-	1,919,818
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	-	(572)	(572)	68,685	168,367	237,052	236,480
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	1,919,246	1,919,246	68,685	168,367	237,052	2,156,298
Z1	BALANCE AT DECEMBER 31, 2020	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

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

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

Code		2021	2020
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before income tax	$ 2,407,444	$ 2,481,989
A20010	Adjustments for:		
A20100	Depreciation expenses	199,749	203,757
A20200	Amortization expenses	1,752	2,042
A20300	Gain on reversal of expected credit loss	(1,697)	(5,334)
A20400	Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(1,254)	(22,139)
A20900	Finance costs	5,163	21,003
A21200	Interest income	(41,853)	(33,052)
A21300	Dividend income	(19,077)	(7,555)
A22300	Share of profit of associates	(74,888)	(56,841)
A22500	Loss on disposal of property, plant and equipment	729	19,635
A23200	Loss on disposal on investments accounted for using the equity method	(153)	173
A23700	(Reversal of) write-down of inventories	2,005	(359)
A23800	Impairment loss recognized on property, plant and equipment	39	22,078
A29900	Recognition of refund liabilities	6,944	7,576
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	(333,731)	(32,379)
A31130	Notes receivable	85,307	(51,664)
A31150	Accounts receivable	(344,733)	62,381
A31160	Accounts receivable from related parties	27	9,367
A31180	Other receivables	(45,298)	12,190
A31190	Other receivables from related parties	(1,789)	5,989
A31200	Inventories	(518,345)	6,595
A31230	Prepayments and other current assets	(58,214)	36,980
A32150	Accounts payable	(149,859)	495,096
A32160	Accounts payable from related parties	(470)	(324)
A32180	Other payables	20,675	103,812
A32190	Other payables from related parties	2,617	(3,883)

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Code		2021	2020
A32230	Other current liabilities	$ 35,947	$ 2,297
A32240	Net defined benefit liabilities	(26,263)	(29,618)
A33000	Cash generated from operations	1,150,774	3,249,812
A33100	Interest received	39,736	23,484
A33300	Interest paid	(5,224)	(21,835)
A33500	Income tax paid	(449,065)	(205,187)
AAAA	NET CASH GENERATED FROM OPERATING ACTIVITIES	736,221	3,046,274
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00040	Purchase of financial assets at amortized cost	(811)	(149,263)
B00050	Proceeds from disposal of financial assets at amortized cost	-	149,826
B02700	Payments for property, plant and equipment	(128,203)	(136,966)
B02800	Proceeds from disposal of property, plant and equipment	-	2,381
B03700	Increase in refundable deposits	(796)	(254)
B04500	Payments for intangible assets	(440)	-
B07600	Dividends received	38,819	12,778
B09900	Proceeds from liquidation of investments accounted for using equity method	153	1,274
BBBB	Net cash used in investing activities	(91,278)	(120,224)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase in short-term borrowings	350,000	-
C00200	Decrease in short-term borrowings	(150,000)	(1,014,593)
C01600	Proceeds from long-term borrowings	1,600,000	1,000,000
C01700	Repayments of long-term borrowings	(1,600,000)	(1,700,000)
C04020	Repayments of the principal portion of lease liabilities	(4,514)	(4,463)
C04300	Increase in other non-current liabilities	1,481	418
C04500	Cash dividends	(688,462)	(99,946)
C04400	Refund of unclaimed overdue cash dividends	552	-
C09900	Claim for disgorgement	143	-
CCCC	Cash used in financing activities	(490,800)	(1,818,584)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(14,366)	39,022
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	139,777	1,146,488
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,458,506	1,312,018
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,598,283	$ 2,458,506

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

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

1. GENERAL INFORMATION

Taita Chemical Co., Ltd. (the "Company") was established and began operations in April 1960. The Company designs, develops, and sells chemical products like EPS, ABS and PS plastic resins. Other products include SAN resins, glasswool and cubic printing, all of which are widely used in consumer-oriented and industrial applications. The ordinary shares of the Company has been 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, 2021. USI Corporation has operational control over the Company.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 9, 2022.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

b. FSC-endorsed IFRSs that are applicable from 2022 onward

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB
Annual Improvements to IFRSs 2018-2020	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1. The amendments to IFRS 9 apply prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" apply prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" apply retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2. The amendments apply to the business combination of which the acquisition date falls on the annual reporting periods beginning on or after January 1, 2022.

Note 3. The amendments apply to property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4. The amendments apply to contracts that will not have been completely fulfilled in the annual period beginning after January 1, 2022.

As of the date of authorization of the consolidated financial statements, the Group's assessment of the effects of amendments to other standards and interpretations should not cause material effects on the consolidated financial conditions and 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
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 "Classify Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1. Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2. The amendments prospectively apply to the annual reporting periods beginning on or after January 1, 2023.

Note 3. 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.

Note 4. 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.

As of 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 conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on 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. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

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

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

d. Basis of consolidation

The consolidated financial statements incorporate any the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

See Note 12 and Tables 7 and 8 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of the Group (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, production supplies, finished goods, and work in progress. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at 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 and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of the equity of associates attributable to Group.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the amount of ownership interests in associates and joint ventures is not subscribed for or obtained in proportion to the shareholding ratio, the amount of the related assets or liabilities shall be recognized in other comprehensive income. The basis of the accounting treatment is the same as that of the associates and joint ventures. The difference in the balance of the capital reserve accounted for using the equity method shall be recognized in retained earnings.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group shall cease the use of 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 the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to 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 using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost and include transaction costs for land. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

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

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates 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, and equipment as well as right-of-use assets, investment property, and intangible assets

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at fair value through profit or loss

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

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 profits or losses accrued from remeasurement are recognized in other gains and losses. Fair value is determined in the manner described in Note 29.

ii. FINANCIAL ASSETS AT AMORTIZED COST

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, 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) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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 FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

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

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

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

For internal credit risk management purpose, if any internal or external information shows that the debtor is unlikely to pay its creditors, the Group will determine that a financial asset is in default (without taking into account any collateral held by the Group).

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through 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 gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

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 Group 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 at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of 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

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

Revenue from sale of goods

Revenue from the sale of goods comes from sales of PS, ABS, SAN, glasswool 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 full 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

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

1) The Company as lessor

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

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

2) The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the 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 such time as the assets are substantially ready for their intended use or sale.

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

Other than 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 expenses when employees have rendered service entitling them to the contributions.

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

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

q. Income tax

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

1) Current tax

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each income tax declaration jurisdiction, and calculates the income tax payable (recoverable) accordingly.

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profit against which to utilize the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group takes into account recent development of COVID-19 pandemic in Taiwan and its potential impacts on the economy, including cash flow projections, growth rates, discount rates, profitability, etc. in Group's critical accounting estimates and the management will continue to review the estimates and underlying assumptions. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial accounts receivable

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

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 (hereinafter “CGTD”), recognized a provision for civil damages due to 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, 2021	December 31, 2020
Cash on hand and petty cash	$ 484	$ 1,084
Checking accounts and demand deposits	502,207	782,819
Cash equivalents		
Time deposits	2,095,592	1,674,603

	$ 2,598,283	$ 2,458,506

The market rate or interval of market rates of cash equivalents at the end of the reporting period were as follows:

	December 31, 2021	December 31, 2020
Time deposits	0.08%~2.30%	0.10%~2.30%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	December 31, 2021	December 31, 2020
Financial assets mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
— Foreign exchange forward contracts	$ 1,037	$ 431
Non-derivative financial assets		
— Domestic listed shares	73,438	-
— Foreign unlisted shares	-	-
— Mutual funds	562,034	300,185
— Beneficiary securities	59,466	60,808
Subtotal	694,938	360,993
	$695,975	$361,424
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
— Foreign exchange forward contracts	$ -	$ 434

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021			
Sell	USD/NTD	2022.01. 13-2022.03.21	USD 7,340 /TWD 204,227
December 31, 2020			
Sell	USD/NTD	2021.01. 18-2021.02.22	USD 6,000 /TWD 170,073

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. As these contracts did not meet the criteria of hedge accounting, and therefore, the Group did not apply hedge accounting treatments for these derivative contracts.

The net gain arising from financial assets at FVTPL for the years ended December 31, 2021 and 2020 was $8,818 thousand and $27,750 thousand, respectively. The net loss arising from financial liabilities at FVTPL for the years ended December 31, 2021 and 2020 was $2,499 thousand and $4,299 thousand, respectively.

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

	December 31, 2021	December 31, 2020
Investments in equity instruments		
Domestic investments		
Listed ordinary shares		
- USI Corporation	$476,718	$341,484
Unlisted ordinary shares		
- Harbinger Venture Capital Corp.	7	7
Subtotal	476,725	341,491
Foreign investments		
Unlisted ordinary shares		
－Budworth Investment Ltd	6	6
	$476,731	$341,497

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe 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, 2021	December 31, 2020
Pledged deposits (a)	$ 3,000	$ 3,000
Pledged time deposits (b)	809	-
	$ 3,809	$ 3,000

a. As of December 31, 2021 and 2020, the market interest rate of pledged deposits were both 0.37% to 0.69% per annum.

b. As of December 31, 2021, the range of market interest rates on the pledged time deposits was 0.35% per annum.

c. Refer to Note 31 for information related to the pledged financial assets at amortized cost.

10. Notes Receivable, Accounts Receivable, and Other Receivables

	December 31, 2021	December 31, 2020
Notes receivable (a)		
Notes receivable - operating	$ 255,365	$ 342,964
Accounts receivable (a)		
Amortized cost		
Gross carrying amount	$ 2,268,566	$ 1,932,281
Less: Allowance for impairment loss	(55,417)	(57,144)
	$ 2,213,149	$ 1,875,137
Accounts receivable from related parties (a) (Note 30)	$ -	$ 27
Other receivables (b)		
VAT refund receivables	$ 88,943	$ 48,661

	December 31, 2021	December 31, 2020
Interest receivable	18,334	16,300
Others	5,509	512
	$ 112,786	$ 65,473
Other receivables from related parties (Note 31)	$ 3,536	$ 1,748

a. Notes receivable and accounts receivable

The average credit period of sales of goods is 30-180 days. No interest is charged on receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. For part of the accounts receivable, the Group entered into a credit insurance contract or obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. Before accepting new customers, the Group takes customer evaluation results generated by the internal system into consideration to measure the potential customer's credit quality and define the customer's credit limit. Customer credit limits and ratings are reviewed periodically. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are 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 both the current as well as the forecast direction of economic conditions at the reporting date.

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

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

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ 2,148	$ 478,933	$ 76,787	$ 1,966,063	$ 2,523,931
Loss allowance (Lifetime ECL)	-	-	(220)	(55,197)	(55,417)
Amortized cost	$ 2,148	$ 478,933	$ 76,567	$ 1,910,866	$ 2,468,514

December 31, 2020

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Gross carrying amount	$ -	$ 674,241	$ 122,001	$ 1,479,030	$ 2,275,272
Loss allowance (Lifetime ECL)	-	-	(122)	(57,022)	(57,144)
Amortized cost	$ -	$ 674,241	$ 121,879	$ 1,422,008	$ 2,218,128

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

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020

	2021	2020
Balance at January 1	$ 57,144	$ 63,625
Remeasurement of loss allowance	(1,697)	(5,334)
Amounts written off	-	(1,170)
Foreign exchange gains and losses	(30)	23
Balance at December 31	$ 55,417	$ 57,144

The aging of receivables (including related parties) was as follows:

	December 31, 2021	December 31, 2020
Not Past Due	$ 2,423,669	$ 2,197,025
Past due within 60 days	45,448	23,121
Past due over 60 days	54,814	55,126
Total	$ 2,523,931	$ 2,275,272

The above aging schedule was based on the number of days past due from the end of the credit term.

As of December 31, 2021 and 2020, except for specific customer's accounts receivable exceeded 16% of the total amount of all receivables, none of other customer's receivables exceeded 10% of the total amount of all receivables. The concentration of credit risk is limited because the Group's customer base is vast and unrelated to each other.

b. Other receivables

As of December 31, 2021 and 2020, the Group assessed the impairment loss of other receivables using expected credit losses.

11. Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 354,900	$ 265,382
Work in process	105,084	62,258
Raw materials	507,441	233,411
Production supplies	38,133	31,609
Inventory in transit	180,201	148,192
	$ 1,185,759	$ 740,852

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $17,385,170 thousand and $12,353,031 thousand, respectively.

The cost of goods sold included write-down of $2,005 thousand and reversal of inventory write-down of $359 thousand, which resulted from inventory closeout, for the years ended December 31, 2021 and 2020, respectively.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The entities included in the consolidated financial statements:

Investor Company	Name of Subsidiary	Nature of Activities	% of Ownership December 31, 2021	% of Ownership December 31, 2020	Remark
The Company	TAITA (BVI) Holding Co., Ltd.（TAITA(BVI)）	Reinvestment	100%	100%	1.
TAITA（BVI）	Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Production and marketing of polystyrene derivatives	100%	100%	2.
	Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	Production and marketing of polystyrene derivatives	100%	100%	3.

a. In order to strengthen the operational capital of TAITA (BVI) and improve its financial structure, on November 3, 2020, the Board of Directors of the Company resolved to increase the Company's investment in TAITA (BVI) by US$28,000 thousand in cash, and as of December 31, 2021, the Company's accumulated investment in TAITA (BVI) amounted to US$89,738 thousand.

b. As of December 31, 2021, the amount invested in TTC (ZS) was US$43,000 thousand. TTC (ZS) distributed share dividends of US$3,250 thousand from retained earnings in 2007. As of December 31, 2021, the capital of TTC (ZS) was US$46,250 thousand. TTC (ZS) has resolved the earnings distribution from 2007 to 2020 in the amount to RMB 306,950 thousand at the board meeting held on October 14, 2021 and all the earnings have been distributed on March 8, 2022.

c. As of December 31, 2021, the amount invested in TTC (TJ) was US$26,000 thousand. TTC (TJ) distributed share dividends of US$1,350 thousand from retained earnings in 2012. As of December 31, 2021, the capital of TTC (TJ) was US$27,350 thousand. Due to the shrinking demand in the local market, the management decided to suspend TTC (TJ)'s production in from April 2019.

d. 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.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2021	December 31, 2020
Associates that are not individually material		
Listed company		
China General Plastics Corporation ("CGPC")	$ 221,245	$ 192,320
Acme Electronics Corporation ("ACME")	32,429	31,514
Unlisted company		
China General Terminal & Distribution Corporation ("CGTD")	373,731	315,711
ACME Electronics (Cayman) Corp. (ACME (Cayman))	66,405	65,093
	$ 693,810	$ 604,638

Aggregate information of associates that are not individually material

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
The Group's share of:		
Profit from continuing operations	$ 74,888	$ 56,841
Other comprehensive gain (loss)	33,993	36,963
Total comprehensive (loss) income for the year	$108,881	$ 93,804

The group’s ownership interest and percentage of voting right in associate at the end of the reporting period were as follows:

Name of Associates	December 31, 2021	December 31, 2020
CGPC	1.98%	1.98%
ACME	2.43%	2.43%
CGTD	33.33%	33.33%
ACME（Cayman）	5.39%	5.39%

Refer to Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group with its affiliates jointly held more than 20% of the shareholdings of CGPC, ACME, ACME (Cayman) had significant influence over each entity. Therefore, the Group adopted the equity method to evaluate the above investments.

The Group formerly held 10% of shares of Thintec Materials Corporation (“TMC”) Since the Group and its affiliates jointly owned 95.8% of TMC’s shares, the Group adopted the equity method to evaluate the above investments. As TMC essentially has no production and sales business in recent years, the Board of Directors of TMC resolved on April 12, 2019 to conduct dissolution and liquidation starting from May 25, 2019 (dissolution date). The Group has recovered $1,274 thousand in May 2020 from the remaining property and recognized the investment disposal loss of of $173 thousand after TMC has completed dissolution and liquidation procedures in July, 2020. In February 2021, TMC received a refund of tax from the Taipei Bureau of Internal Revenue, Ministry of Finance, and in April 2021, the Group recovered $153 thousand in proportion to its shareholding before liquidation and recognized it as other income.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

Name of Associates	December 31, 2021	December 31, 2020
CGPC	$399,611	$279,130
ACME	$237,809	$ 84,011

Except ACME and ACME (Cayman) whose financial statements were not audited by CPAs, the profit or loss of associates and joint ventures using the equity method and the share of other comprehensive income were recognized based on associates’ financial statements audited by CPAs in the same period. However, the Group's management considered that there was no material impact arising from ACME and ACME (Cayman)'s unaudited financial statements.

14. Property, plant and equipment

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
BALANCE AT JANUARY 1, 2020	$ 634,432	$ 1,301,954	$ 4,806,079	$ 47,870	$ 359,701	$ 24,306	$ 7,174,342
Additions	-	-	4,657	-	1,075	133,074	138,806
Disposals	-	(10,624)	(393,223)	(5,727)	(22,834)	-	(432,408)
Internal transfers	-	1,817	57,999	96	11,021	(70,933)	-
Effect of foreign currency exchange differences	-	6,529	3,237	300	452	484	11,002
Balance at December 31, 2020	$ 634,432	$ 1,299,676	$ 4,478,749	$ 42,539	$ 349,415	$ 86,931	$ 6,891,742
Accumulated depreciation and impairment							
BALANCE AT JANUARY 1, 2020	$ -	$ 905,030	$ 3,726,138	$ 35,390	$ 332,892	$ 33	$ 4,999,483
Disposals	-	(9,573)	(374,178)	(4,773)	(21,868)	-	(410,392)
Depreciation expenses	-	41,553	144,091	2,803	9,522	-	197,969
Impairment losses	-	-	19,891	-	568	1,619	22,078
Effect of foreign currency exchange differences	-	4,628	1,456	179	289	9	6,561
Balance at December 31, 2020	$ -	$ 941,638	$ 3,517,398	$ 33,599	$ 321,403	$ 1,661	$ 4,815,699

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Carrying amounts at December 31, 2020	$ 634,432	$ 358,038	$ 961,351	$ 8,940	$ 28,012	$ 85,270	$ 2,076,043
Cost							
Balance at January 1, 2021	$ 634,432	$ 1,299,676	$ 4,478,749	$ 42,539	$ 349,415	$ 86,931	$ 6,891,742
Additions	-	-	5,623	12	1,091	121,127	127,853
Disposals	-	(2,456)	(122,109)	(700)	(6,443)	-	(131,708)
Internal transfers	-	6,012	107,960	141	10,417	(124,530)	-
Effect of foreign currency exchange differences	-	(2,312)	(3,328)	(96)	(268)	(152)	(6,156)
Balance at December 31, 2021	$ 634,432	$ 1,300,920	$ 4,466,895	$ 41,896	$ 354,212	$ 83,376	$ 6,881,731
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ -	$ 941,638	$ 3,517,398	$ 33,599	$ 321,403	$ 1,661	$ 4,815,699
Disposals	-	(2,317)	(121,895)	(700)	(6,067)	-	(130,979)
Depreciation expenses	-	38,398	145,351	2,666	7,531	-	193,946
Impairment losses	-	-	39	-	-	-	39
Effect of foreign currency exchange differences	-	(1,625)	(2,675)	(52)	(200)	(9)	(4,561)
Balance at December 31, 2021	$ -	$ 976,094	$ 3,538,218	$ 35,513	$ 322,667	$ 1,652	$ 4,874,144
Carrying amounts at December 31, 2021	$ 634,432	$ 324,826	$ 928,677	$ 6,383	$ 31,545	$ 81,724	$ 2,007,587

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 Chemical (Tianjin) Co., Ltd. ("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 value less cost of disposal and the fair value was measured by a third-party valuation expert with Level 3 inputs for the years ended December 31, 2021 and 2020. The valuation was based on the revaluation of the replacement cost and useful lives of each item of the above items of property, plant and equipment and results showed that the recoverable amount was lower than the carrying amount. The valuation led TAITA (TJ) to recognize impairment losses of $39 thousand and $22,078 thousand, which were recognized in operating costs for the year ended December 31, 2021 and 2020. Fair value from valuation are as follows:

	December 31, 2021	December 31, 2020
Factories and right-of-use assets	$ 266,579	$ 275,409
Equipment	$ 2,086	$ 2,689

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

Buildings	
Factories	20, 30, 35, 40 and 55 years
Offices and laboratories	26-35 Years
Storage rooms	20-25 Years
Storage tank rooms	8-20 Years
Others	2-9 Years
Machinery and equipment	
Environmental protection equipment	15-20 Years
Monitoring equipment	11-15 Years
Storage tank 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

Part of the property, plant and equipment pledged as collateral for bank borrowing are set out in Notes 18 and 31.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2021	December 31, 2020
Carrying amounts		
Land	$ 73,370	$ 79,351

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Depreciation charge for right-of-use assets		
Land	$ 5,803	$ 5,788

Except for the recognition of depreciation expenses, there was no significant increase, sublease or impairment of the Group's right-of-use assets for the years ended December 31, 2021 and 2020. Part of the land use rights pledged as collateral for bank borrowing are set out in Notes 18 and 31.

b. Lease liabilities

	December 31, 2021	December 31, 2020
Carrying amounts		
Current	$ 4,564	$ 4,514
Non-current	$ 38,374	$ 42,938

The discount rate for lease liabilities was as follows:

	December 31, 2021	December 31, 2020
Land	1.10%	1.10%

The Group leases land in Linyuan to build factories from related party. When rental period ends, the Group has no bargain purchase price option for the land leased. Transactions with related parties are set out in Notes 30.

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Note 16.

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Expenses relating to short-term leases	$ 15,336	$ 15,666
Expenses relating to low-value asset leases	$ 17	$ 153
Total cash outflow for leases	$ 20,366	$ 20,832

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

16. INVESTMENT PROPERTIES, NET

	December 31, 2021	December 31, 2020
Land	$108,178	$108,178

Management was unable to reliably measure the fair value of investment properties located in Qianzhen District, Xingbang Section and Linyuan Industrial Park, because the fair value for comparable properties is inactive and alternative reliable measurements of fair value are not available. Therefore, the Group concluded that the fair value of the investment properties is not reliably measurable.

The property located in Qianzhan District has been leased to CGTD. The rental was $1,628 thousand per month, which is based on the actual usable area. Refer to Notes 25 and 30.

Part of above investment properties pledged as collateral for bank borrowing are set out in Notes 18 and 31.

17. INTANGIBLE ASSETS

	December 31, 2021	December 31, 2020
Carrying amount by function		
Information systems	$ 493	$ 205
Design expenses for factories	3,601	5,201
	$ 4,094	$ 5,406

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

Information systems	3-5 Years
Design expenses for factories	10 years

18. BORROWINGS

a. Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured borrowings		
Line of credit borrowings	$ 350,000	$ 150,000

The range of interest rates on line of credit borrowings was 0.52%-0.74% and 0.52% per annum as of December 31, 2021 and 2020, respectively.

TTC (ZS) entered into a short-term financing contract with Bank of China Limited to increase working capital. The credit limit was RMB100,000 thousand and matured on April 30, 2019. The contract was extended to April 30, 2022. Refer to property, plant and equipment and land use rights pledged as collateral in Notes 14, 15 and 31. As of December 31, 2021 and 2020, TTC (ZS) has not borrowed from the bank.

b. Long-term borrowings

	December 31, 2021	December 31, 2020
Unsecured borrowings		
Credit loans	$ 300,000	$ 300,000

The range of interest rates on long-term borrowings were as follows:

	December 31, 2021	December 31, 2020
Credit loans	0.81%	0.90%

In order to fund medium to long-term working capital needs, the Group signed medium to long-term loan agreements with banks with total lines of credit of $2,000,000 thousand. The loan agreements will subsequently expire before August 2024 and these lines of credit are used cyclically during the validity period. As of December 31, 2021, $300,000 thousand has been utilized. The Group provided lands and factories pledged as collateral for some long-term loan agreements (refer to Notes 14, 16 and 31).

Some of the Group's loan agreements stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a specified percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the banks concerned. As of December 31, 2021, the Group did not violate these financial ratios and terms.

19. Accounts payable

	December 31, 2021	December 31, 2020
Accounts payable (including related parties)		
Arising from operation (Note 30)	$ 1,029,504	$ 1,180,101

The average payment period for the Group’s accounts payable is between 30 and 45 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER PAYABLES

	December 31, 2021	December 31, 2020
Payables for salaries or bonuses	$219,918	$234,239
Payables for freight fees	113,422	65,583
Payables for utilities	29,337	27,271
Payables for professional service expenses	9,651	11,709
Payables for equipment	9,607	9,957
Payables for insurance	8,922	9,491
Payables for taxes	3,613	12,671
Others	35,110	37,852
	$429,580	$408,773

21. REFUND PROVISIONS

	December 31, 2021	December 31, 2020
Customer returns and rebates	$ 897	$ 879

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Balance at January 1, 2020	$ 879	$ 909
Provision for the current period	6,944	7,576
Returns and rebates for the current period	(6,926)	(7,606)
Balance at December 31, 2020	$ 897	$ 879

The refund provision is based on 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. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiary, TTC (ZS) , in mainland China is the member of a state-managed retirement benefit plans operated by the government of mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plans is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. 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 "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31, 2021	December 31, 2020
Present Value of Defined Benefit Obligation	$543,761	$593,645
Fair Value of Plan Assets	(357,342)	(391,849)
Net defined benefit liabilities	$186,419	$201,796

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net defined benefit liabilities
BALANCE AT JANUARY 1, 2020	$ 632,201	($ 402,287)	$ 229,914
Service cost			
Current service cost	4,609	-	4,609
Net interest expense (income)	3,826	(2,461)	1,365
Recognized in Profit or Loss	8,435	(2,461)	5,974
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	($ 14,814)	($ 14,814)
Actuarial loss			

—Changes in financial assumptions	10,288	-	10,288
—Experience adjustments	6,026	-	6,026
Recognized in other comprehensive income	16,314	(14,814)	1,500
Contributions from the employer	-	(35,592)	(35,592)
Benefits paid on plan assets	(63,305)	63,305	-
Balance at December 31, 2020	$ 593,645	($ 391,849)	$ 201,796
Balance at January 1, 2021	$ 593,645	($ 391,849)	$ 201,796
Service cost			
Current service cost	3,949	-	3,949
Net interest expense (income)	2,184	(1,476)	708
Recognized in Profit or Loss	6,133	(1,476)	4,657
Remeasurement			
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 Income	16,532	(5,646)	10,886
Contributions from the employer	-	(29,142)	(29,142)
Benefits paid on plan assets	(70,771)	70,771	-
Provisions	(1,778)	-	(1,778)
Balance at December 31, 2021	$ 543,761	($ 357,342)	$ 186,419

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, 2021	For the Year Ended December 31, 2020
Cost of goods sold	$ 3,925	$ 4,841
Selling and marketing expenses	261	461
General and administrative expenses	346	495
Research and development expenses	125	177
	$ 4,657	$ 5,974

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

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

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

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

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

	December 31, 2021	December 31, 2020
Discount rate	0.500%	0.375%
Expected rate of salary increase	2.250%	2.250%

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

	December 31, 2021	December 31, 2020
Discount rate		
0.25% increase	($ 8,781)	($ 10,289)
0.25% decrease	$ 9,027	$ 10,585
Expected rate of salary increase		
0.25% increase	$ 8,718	$ 10,208
0.25% decrease	($ 8,526)	($ 9,975)

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

The Company expects to make contributions of $20,000 thousand and $25,900 thousand to the defined benefit plans in the next year starting from December 31, 2021 and 2020, respectively. The weighted average duration of the defined benefit obligation are 6.6 and 7.1 years, respectively.

23. EQUITY

a. Ordinary shares

	December 31, 2021	December 31, 2020
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)	378,654	344,231
Shares issued	$ 3,786,541	$ 3,442,310

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

b. Capital surplus

Capital surplus which arises from the consideration received from issuance of shares (including consideration from issuance 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 may be used to offset a deficit only. Capital surplus arising from investments in subsidiaries and associates accounted for using the equity method may not be used for any purpose.

c. Retained earnings and dividends 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 undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. 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 26-h.

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 $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. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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 2020 and 2019 approved in the shareholders' meetings on July 26, 2021 and June 18, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Legal reserve	$ 191,925	$ 39,764		
Cash dividends	688,462	100,261	$ 2.0	$ 0.3
Share dividends	344,231	100,262	1.0	0.3

The appropriation of earnings for 2021 had been proposed by the Company's board of directors on March 9, 2022 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$184,098	$ -
Cash dividends	757,308	2.0

Share dividends	189,327	0.5

The appropriation of earnings for 2021 is subject to resolution in the shareholders' meeting to be held on May 27, 2022.

d. Special reserve

The Company reserved a special reserve on the first-time adoption of IFRSs as follows:

	December 31, 2021	December 31, 2020
Special reserve	$308,061	$308,061

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were $279,270 thousand and $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 $308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. 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

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Balance at January 1, 2020	($125,641)	($194,326)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(20,716)	85,673
Share from associates accounted for using the equity method	(2,734)	160
Related income tax	4,559	(17,148)
Balance at December 31, 2020	($144,532)	($125,641)

Exchange differences on translating net assets of foreign operations are translated into the presentation currency, the New Taiwan dollar. The resulting currency translation differences are recognized in other comprehensive income as exchange differences on translating the financial statements of foreign operations in the respective period.

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Balance at January 1, 2020	$321,627	$153,260
Recognized for the year		
Unrealized Gain (Loss)		
Equity instruments	135,234	132,192
Share from associates accounted for using the equity method	36,974	36,175
Balance at December 31, 2020	$493,835	$321,627

24. REVENUE

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Revenue from contracts with customers		
Revenue from sale of goods	$ 20,771,165	$ 15,498,381

Refer to Note 4 for description related to contracts with customers. Refer to Note 35 for revenue of major products and operation results.

25. PROFIT BEFORE INCOME TAX

Net profit before income tax includes the following:

a. Interest income

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Cash and cash equivalents	$ 40,611	$ 30,725
Financial assets at FVTPL (Note 7)	1,098	1,312
Financial assets at amortized cost (Note 9)	17	835
Others	127	180
	$ 41,853	$ 33,052

b. Other income

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Rental income - operating lease (Notes 16 and 30)	$ 44,356	$ 37,695
Dividend income	19,077	7,555
Others	7,963	9,639
	$ 71,396	$ 54,889

c. Other gains and losses

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Gain on financial assets at FVTPL (Note 7)	$ 3,753	$ 26,438
Loss on financial assets at FVTPL (Note 7)	(2,499)	(4,299)
Net foreign exchange losses	(15,349)	(55,673)
Loss on disposal and retirement of property, plant and equipment (Note 14)	(729)	(19,635)
Expenses from rental assets	(6,484)	(8,458)
Others	(1,594)	(1,626)
	($ 22,902)	($ 63,253)

d. Foreign exchange losses

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Total foreign exchange gains	$ 115,211	$ 41,354
Total foreign exchange losses	(130,560)	(97,027)
Net loss	($ 15,349)	($ 55,673)

e. Finance costs

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Interest on bank loans	$ 4,785	$ 20,570
Interest on lease liabilities (Note 30)	499	550
Less: Capitalized interest (included in construction in progress)	(121)	(117)
	$ 5,163	$ 21,003

Information about capitalized interest is as follows:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Capitalized interest	$ 121	$ 117
Capitalization rate	0.80%~0.90%	0.90%~1.05%

f. Depreciation and amortization

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Property, plant and equipment (Note 14)	$ 193,946	$ 197,969
Right-of-use assets (Note 15)	5,803	5,788
Intangible assets (Note 17)	1,752	2,042
Total	$ 201,501	$ 205,799
An analysis of depreciation by function		
Cost of goods sold	$ 188,773	$ 190,556
Operating expenses	7,604	7,857
Other gains and losses	3,372	5,344
	$ 199,749	$ 203,757
An analysis of amortization by function		
Cost of goods sold	$ 1,600	$ 1,600
General and administrative expenses	152	442
	$ 1,752	$ 2,042

g. Employee benefits expense

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Post-employment benefits (Note 22)		
Defined contribution plans	$ 21,443	$ 14,835
Defined benefit plans	4,657	5,974
	26,100	20,809
Insurance expenses	36,111	32,798
Other employee benefits	633,917	647,015
Total employee benefits expense	$ 696,128	$ 700,622
An analysis of employee benefits expense by function		
Cost of goods sold	$ 565,078	$ 561,807
Operating expenses	131,050	138,815
	$ 696,128	$ 700,622

Due to the impact of COVID-19, TTC (ZS)'s contributions of pension, unemployment and work injury insurance were exempted from February to December 2020 in accordance with the local government's announcement.

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 employees' compensation can be distributed in the form of shares or cash. 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 for the years ended December 31, 2021 and 2020, which were approved by the Company's board of directors on March 9, 2022 and March 5, 2021, respectively, were as follows:

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	$ 23,534	1%	$ 22,812
Remuneration of directors	-	$ -	-	$ -

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

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:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Current tax		
In respect of the current year	$ 480,192	$ 534,917
Income tax on unappropriated earnings	34,731	7,867
Adjustments for prior years	(1,287)	(2,536)
	513,636	540,248
Deferred tax		
In respect of the current year	43,538	22,101
Adjustments for prior years	338	(178)
	43,876	21,923
Income tax expense recognized in profit or loss	$ 557,512	$ 562,171

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

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Profit before income tax	$ 2,407,444	$ 2,481,989
Income tax expense calculated at the statutory rate	$ 537,520	$ 664,968
Nondeductible expenses in determining taxable income	909	1,103
Tax-exempt income	(17,235)	(14,974)
Income tax on unappropriated earnings	34,731	7,867
Unrecognized deductible temporary differences	(2,546)	(80,505)
Unrecognized loss carryforwards	5,080	(12,794)
Adjustments for prior years	(949)	(2,714)
Others	2	(780)
Income tax expense recognized in profit or loss	$ 557,512	$ 562,171

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Deferred tax		
In respect of the current year		
－Exchange differences on translating the financial statements of foreign operations	$ 4,559	($ 17,148)
－Remeasurement of defined benefit plans	2,177	300
Income tax recognized in other comprehensive income	$ 6,736	($ 16,848)

c. Current income tax assets and liabilities

	December 31, 2021	December 31, 2020
Current tax liabilities		
Income tax payable	$456,961	$392,544

d. Deferred tax assets and liabilities

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

For the Year Ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred 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
Deferred tax liabilities					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	$ 9,055	$ -	($ 4,559)	$ -	$ 4,496
Share of profit of foreign subsidiaries accounted for 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

For the Year Ended December 31, 2020

	Balance at January 1, 2020	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance at December 31, 2020
Deferred tax assets					
Temporary differences					
Allowance for inventory valuation	$ 968	($ 73)	$ -	$ 1	$ 896
Allowance for impaired receivables	11,287	(317)	-	48	11,018
Unrealized foreign exchange losses	5,869	1,201	-	-	7,070
Defined benefit plans	45,635	(5,923)	300	-	40,012
Payables for annual leave	4,293	(269)	-	-	4,024
Exchange differences on translating the financial	8,093	-	(8,093)	-	-

statements of foreign operations					
Others	1,397	165	-	-	1,562
	$ 77,542	($ 5,216)	($ 7,793)	$ 49	$ 64,582
Deferred tax liabilities					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	$ -	$ -	$ 9,055	$ -	$ 9,055
Share of profit of foreign subsidiaries accounted for using the equity method	-	17,472	-	-	17,472
Differences on depreciation between finance and tax	504	(156)	-	-	348
Reserve for land revaluation increment tax	143,860	-	-	-	143,860
Others	609	(609)	-	-	-
	$ 144,973	$ 16,707	$ 9,055	$ -	$ 170,735

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

	December 31, 2021	December 31, 2020
Loss carryforwards		
Expiry in 2021	$ -	$ 139,745
Expiry in 2022	62,532	62,532
Expiry in 2023	124,213	124,213
Expiry in 2024	124,333	124,333
Expiry in 2026	20,327	-
	$ 331,405	$ 450,823
Deductible temporary differences		
－Impairment losses from accounts receivable	$ 65,123	$ 68,236
－Impairment loss of property, plant and equipment	84,735	95,126
－Others	1,296	1,609
	$ 151,154	$ 164,971

f. Income tax assessments

The Company's income tax returns through 2019 have been assessed by the tax authorities.

g. Income tax related to subsidiaries were as follows:

1) TTC (BVI) had no income tax expense due to the relevant tax exemptions in compliance with the regulations of the location where it was established for the years ended December 31, 2021 and 2020.

2) TTC (ZS) and TTC (TJ), both located in mainland China, use the applicable income tax rate of 25%.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020

Basic earnings per share	$ 4.89	$ 5.07
Diluted earnings per share	$ 4.88	$ 5.06

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 September 10, 2021. Due to retrospective adjustment, the changes in basic and diluted earnings per share are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 5.58	$ 5.07
Diluted earnings per share	$ 5.57	$ 5.06

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, 2021	For the Year Ended December 31, 2020
Earnings used in the computation of basic and diluted earnings per share	$ 1,849,932	$ 1,919,818

Number of Shares

Unit: In Thousand Shares

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Weighted average number of ordinary shares in computation of basic earnings per share	378,654	378,654
Effect of potentially dilutive ordinary shares:		
Employees' compensation	793	674
Weighted average number of ordinary shares used in the computation of diluted earnings per share	379,447	379,328

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group 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 Group's overall strategy remains unchanged from the past year.

The capital structure of the Group consists of net debt and equity.

The senior management of the Group regularly reviews the Group's capital structure. The review includes the consideration of the cost of various types of capital and related risks. The Group balances its overall capital structure by paying dividends, borrowing new debt or repaying old debt, based on the recommendations of the senior management.

29. FINANCIAL INSTRUMENTS

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

The Group'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, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 1,037	$ -	$ 1,037
Investments in equity instruments		-	-	
－ Domestic listed shares	73,438	-	-	73,438
－ Foreign unlisted shares	-	-	-	-
Mutual funds	562,034	-	-	562,034
Beneficiary securities	59,466	-	-	59,466
Total	$ 694,938	$ 1,037	$ -	$ 695,975
Financial assets at FVTOCI				
Investments in equity instruments				
－ Domestic listed shares	$ 476,718	$ -	$ -	$ 476,718
－ Domestic unlisted shares	-	-	7	7
－ Foreign unlisted shares	-	-	6	6
Total	$ 476,718	$ -	$ 13	$ 476,731

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative instruments	$ -	$ 431	$ -	$ 431
Investments in equity instruments				
－ Foreign unlisted shares	-	-	-	-
Mutual funds	300,185	-	-	300,185
Beneficiary securities	60,808	-	-	60,808
Total	$ 360,993	$ 431	$ -	$ 361,424
Financial assets at FVTOCI				
Investments in equity instruments				
－ Domestic listed shares	$ 341,484	$ -	$ -	$ 341,484
－ Domestic unlisted shares	-	-	7	7
－ Foreign unlisted shares	-	-	6	6
Total	$ 341,484	$ -	$ 13	$ 341,497
Financial liabilities at FVTPL				
Derivative instruments	$ -	$ 434	$ -	$ 434

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVTOCI - equity instruments

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Balance at January 1	$ 13	$ 33
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	-	(20)
Balance at December 31	$ 13	$ 13

3) Valuation techniques and inputs applied for Level 2 fair value measurement

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

4) Valuation techniques and inputs applied for Level 3 fair value measurement

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. For unlisted domestic equity investments, the Group 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. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2021 and 2020.

c. Categories of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at FVTPL — Mandatorily classified as at FVTPL	$ 695,975	$ 361,424
Financial assets at amortized cost (Note 1)	5,122,835	4,722,248
Financial assets at FVTOCI - Equity instruments	476,731	341,497
Financial liabilities		
Financial liabilities at FVTPL — Held for trading	-	434
Financial liabilities at amortized cost (Note 2)	1,891,220	1,795,576

Note 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.

Note 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 Group's risk control and hedging strategy are influenced by its operational environment. The Group 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 Group 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 Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group conducted foreign currency sales and purchases, which exposed the Group 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 Group used foreign exchange forward contracts to eliminate foreign currency exposure and thus mitigate the impact of the risk. The use of foreign exchange forward contracts was governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 33. The derivatives exposing the Group to foreign currency risk are set out in Note 7.

Sensitivity analysis

The Group'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 December 31, 2021 and 2020 would have decreased/increased by $39,622 thousand and $29,125 thousand, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Group'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 Group was exposed to the fair value risk of interest rate fluctuations for the fixed interest rate bearing financial assets and financial liabilities; the Group was exposed to the cash flow risk of interest rate fluctuations for the floating interest rate bearing financial assets and financial liabilities. The Group's management regularly monitors the fluctuations on market rates and then adjusted its balance of floating rate bearing financial liabilities to make the Group's interest rates more closely approach market rates in response to the interest rate risk.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
－Financial assets	$ 2,114,020	$ 1,692,108
－Financial liabilities	542,938	347,452
Cash flow interest rate risk		
－Financial assets	502,512	781,793
－Financial liabilities	150,000	150,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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 Group 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 Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by $1,763 thousand and $3,159 thousand, respectively.

c) Other price risk

The Group was exposed to price risk through its investments in domestic listed shares, foreign and domestic unlisted shares, beneficiary securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor price risk.

Sensitivity analysis

The following sensitivity analysis was based on the prices of securities as of the balance sheet date. However, in the financial assets at fair value through profit or loss in which the Group invested, the risk of price fluctuation of money market funds was very limited, so it was not included in the analysis.

If the equity price increases / decreases by 5%, the net profit before tax for the years ended December 31, 2021 and 2020 would increase / decrease by $6,645 thousand and $3,040 thousand respectively due to the increase / decrease in the fair value of financial assets (excluding investment in money market funds) at FVTPL. Other comprehensive income before tax for the years ended December 31, 2021 and 2020 would increase / decrease by $23,837 thousand and $17,075 thousand respectively due to the increase / decrease in the fair value of financial assets at FVTOCI, respectively.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

As of December 31, 2021, except for specific customer's accounts and notes receivable exceeded 16% of the total amount of all receivables, and the rest of the Group's accounts receivable included numerous customers distributed over a variety of areas, and were not centered on a single customer or location. Furthermore, the Group 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 Group's credit risk was limited. As at the end of the reporting period, the Group's largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group'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 Group can be required to pay. The table includes both interest and principal cash flows.

December 31, 2021

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$1,243,885	$ 2,743	$ -
Lease liabilities	1.1000	5,013	20,052	20,052
Floating interest rate liabilities	0.5167	150,000	-	-
Fixed interest rate liabilities	0.7820	200,000	300,000	-
		$1,598,898	$ 322,795	$ 20,052

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 5,013	$ 20,052	$ 20,052

December 31, 2020

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$1,348,276	$ 2,700	$ -

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	1.1000	5,013	20,052	25,065
Floating interest rate liabilities	0.5158	150,000	-	-
Fixed interest rate liabilities	0.9000	-	300,000	-
		$1,503,289	$ 322,752	$ 25,065

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 5,013	$ 20,052	$ 25,065

b) Financing facilities

Bank loans are an essential source of liquidity for the Group. The table below details the unused amount of bank loans at the end of the reporting period.

	December 31, 2021	December 31, 2020
Bank loan facilities		
－Amount unused	$ 5,432,374	$ 7,077,492

30. TRANSACTIONS WITH RELATED PARTIES

The Company's ultimate parent is USI Corporation, which held 36.79% of the ordinary shares of the Company as of December 31, 2021 and 2020.

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Names and relations of related parties

Related Party Name	Relationship with the Group
USI Corporation ("USI")	Ultimate parent company
China General Plastics Corporation	Associate
Continental General Plastics (Zhongshan) Co., Ltd.	Associate
CGPC Consumer Products Corporation	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation ("TVCM")	Associate
China General Terminal & Distribution Corporation ("CGTD")	Associate
Acme Electronics Corporation	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
Taiwan United Venture Management Corporation	Fellow subsidiary
USI Education Foundation ("USIF")	Substantial related party

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Ultimate parent company	$ 4,576	$ 9,068
Fellow subsidiary	-	10,970
	$ 4,576	$ 20,038

The Group'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 Group and its related parties had no material differences from those of general sales transactions.

c. Purchase of goods

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Associate	$ 2,338	$ 2,370
Ultimate parent company	679	-
Fellow subsidiary	242	203
	$ 3,259	$ 2,573

The Group's credit period of purchase of goods from related parties was from 30 days after acceptance. The purchase of goods between the Group and its related parties had no material differences from those of general purchase transactions.

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

Related Party Category/Name	December 31, 2021	December 31, 2020
Ultimate parent company	$ -	$ 27

The outstanding accounts receivable 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, 2021	December 31, 2020
Fellow subsidiary	$ 28	$ 11
Associate	-	487
	$ 28	$ 498

The outstanding accounts payable from related parties are not overdue and not guaranteed.

f. Other transactions with related parties

1) Rental income (classified as other income, see Notes 16 and 25)

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Associate		
CGTD	$ 23,379	$ 24,082
TVCM	9,635	9,635
	33,014	33,717
Ultimate parent company	1,649	1,666
Fellow subsidiary	257	253
	$ 34,920	$ 35,636

2) Rental expenses (classified as operating costs, selling and marketing expenses and general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Ultimate parent company		
USI	$ 4,722	$ 5,535
Fellow subsidiary		
APC	1,891	1,672
Associate	1,413	266
	$ 8,026	$ 7,473

The Group leased offices and parking spaces in Neihu from USI and APC. The rentals were set according to the actual rental area and paid on a monthly basis.

3) Lease arrangements

Related Party Category/Name	December 31, 2021	December 31, 2020
Lease liabilities - current		
Fellow subsidiary		
APC	$ 4,564	$ 4,514
Lease liabilities - non-current		
Fellow subsidiary		
APC	$ 38,374	$ 42,938

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Lease expense		
Fellow subsidiary		
APC	$ 5,013	$ 5,013
Interest expense		
Fellow subsidiary		
APC	$ 499	$ 550

The Group 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	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Associate		
CGTD	$ 18,784	$ 13,210

The Group 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) Management service income (classified as other income)

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Ultimate parent company		
USI	$ 2,211	$ 2,122

6) Management service expenses (classified as general and administrative expenses and other gains and losses)

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Fellow subsidiary		
UM	$ 48,067	$ 49,647
Others	-	60
	$ 48,067	$ 49,707

The related contracts stated that the fellow subsidiary and parent company should provide labor support, equipment and other related services to the Group, and the service expenses were based on the actual quarterly expenses.

7) Donation (classified as general and administrative expenses)

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Substantial related party		
USIF	$ 4,000	$ 1,000

8) Other expenses (classified as operating costs)

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Associate	$ 1,627	$ 1,467

9) Payments for property, plant and equipment

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Ultimate parent company	$ 390	$ 1,583

10) Commission expense

Related Party Category/Name	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Fellow subsidiary	$ 388	$ 827

11) Other receivables

Related Party Category/Name	December 31, 2021	December 31, 2020
Associate	$ 2,862	$ 976
Ultimate parent company	599	623
Fellow subsidiary	75	149
	$ 3,536	$ 1,748

Other receivables included disbursement fee, management service receivables and office rentals.

12) Other payables

Related Party Category/Name	December 31, 2021	December 31, 2020

Associate	$ 4,639	$ 2,227
Fellow subsidiary	1,523	867
Ultimate parent company	633	1,084
	$ 6,795	$ 4,178

Other payables included storage tank operating expense payables, rental expense payable and the allocation of service department costs payables.

g. Remuneration of key management personnel

Total remuneration for directors and other key management in 2021 and 2020 is as follows:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Salaries and others	$ 25,354	$ 22,136
Retirement benefits	216	216
	$ 25,570	$ 22,352

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 were provided as collateral for line of credit borrowings, the tariffs of imported raw materials and good guarantees and borrowing credit amounts (Notes 9, 14, 15, 16 and 18):

	December 31, 2021	December 31, 2020
Pledged deposits		
－Classified as financial assets at amortized cost - current	$ 809	$ -
Pledged time deposits		
－Classified as financial assets at amortized cost - current	3,000	3,000
－Classified as other assets - non-current	16,619	16,505
Property, plant and equipment, net	17,433	462,792
Land use rights		
－Classified right-of-use assets	20,578	21,482
Investment properties, net	-	108,178
	$ 58,439	$ 611,957

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. As of December 31, 2021 and 2020, unused letters of credit amounted to approximately $64,509 thousand and $252,996 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.

CGTD arrived at an agreement with the Kaohsiung City Government on February 12, 2015, pledging certificates of bank deposits of $227,540 thousand, interests included, 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 $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. At the end of February 2022, the provisionally attached property was worth $12,472 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims’ families on July 17, 2015. Each victim’s family received $12,000 thousand, and the total compensation was $384,000 thousand. 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.

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 28, 2022, 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 $46,677 thousand, and the amount of the settlement was $4,519 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is $3,856,447 thousand. The first instance verdict of some of these civil cases (indemnity amount of $1,341,128 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 $401,979 thousand (of which $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 $2,012,493 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 $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. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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, 2021

	Foreign Currency	Exchange Rate	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
				$ 2,324,299
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
				$ 997,550

December 31, 2020

	Foreign Currency	Exchange Rate	Functional Currency	NTD
Foreign currency assets				
Monetary items				
USD	$ 67,321	28.4800 (USD:NTD)	$1,917,291	$ 1,917,291
RMB	894	4.3648 (RMB:NTD)	3,902	3,902
HKD	586	3.6730 (HKD:NTD)	2,153	2,153
RMB	287	0.1533 (RMB:USD)	44	1,252
				$ 1,924,598
Non-monetary items				
Derivative instruments				
USD	3,000	28.4800 (USD:NTD)	431	$ 431
Foreign currency liabilities				
Monetary items				
USD	$ 23,983	28.4800 (USD:NTD)	683,038	$ 683,038
USD	9,249	6.5249 (USD: RMB)	60,349	263,412
				$ 946,450
Non-monetary items				
Derivative instruments				
USD	3,000	28.4800 (USD:NTD)	434	$ 434

The unrealized and realized foreign exchange gains and losses were a loss of $15,349 thousand and a gain of $55,673 thousand for the years ended December 31, 2021 and 2020, respectively. Due to the numerous foreign currency transactions and functional currencies of each individual entity of the Group, foreign exchange gains and losses cannot be disclosed on the respective significant foreign currency.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (Table 1)

3) Marketable securities held (excluding investments in subsidiaries and 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. (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

9) Trading in derivative instruments. (Note 7)

10) Others: Intercompany relationships and significant intercompany transactions. (Table 8)

b. Information about investees. (Table 6)

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 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (Notes 4, 5 and 8)

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 major shareholders (names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held). (Table 9)

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. According to IFRS 8 “Operating Segments”, the Group should disclose the segment information of styrenic products and glasswool products (including cubic printing products).

a. Segment revenue and results

The following was an analysis of the Group’s revenue and results from continuing operations by reportable segments.

	Segment revenue		Segment income	
	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Styrenic products	$20,235,524	$15,006,638	$ 2,214,542	$ 2,390,306
Glasswool products (including cubic printing products).	535,641	491,743	32,830	31,157
Total amount from continuing operations	$20,771,165	$15,498,381	2,247,372	2,421,463
Interest income			41,853	33,052
Other income			71,396	54,889
Other gains and losses			(22,902)	(63,253)
Share of profit of associates			74,888	56,841
Finance costs			(5,163)	(21,003)
Profit before tax from continuing operations			$ 2,407,444	$ 2,481,989

The above of revenue reported is generated by trading with external customers. There were no inter-departmental transactions in 2021 and 2020.

Segment profit represents the profit before tax earned by each segment, excluding interest income, other income, other gains and losses, share of profit or loss of associates and finance costs, etc. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Because the segment information reported to the chief operating decision maker didn’t include assets and liabilities of individual segments, the operating segment assets and liabilities are not disclosed.

b. Other segment information

	Depreciation and Amortization	
	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Styrenic products	$176,540	$181,702
Glasswool products (including cubic printing products).	24,961	24,097
	$201,501	$205,799

c. Revenue from major products

The following is an analysis of the Group’s revenue from continuing operations from its major products.

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
EPS	$ 8,793,820	$ 6,892,805
ABS	7,435,425	5,176,305

GPS	3,990,846	2,924,936
Glasswool products	494,522	438,240
Cubic printing products	41,119	53,503
IPS	15,433	12,590
	$ 20,771,165	$ 15,498,381

d. Geographical information

The amounts of the Group's revenue from continuing operations from external customers and non-current assets by location are detailed below.

	Revenue from External Customers		NON-CURRENT ASSETS	
			2021	2020
	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020	December 31	December 31
Asia	$17,891,441	$14,070,125	$ 2,193,229	$ 2,268,978
America	1,514,051	807,086	-	-
Africa	1,027,291	385,410	-	-
Europe	116,773	49,519	-	-
Others	221,609	186,241	-	-
	$20,771,165	$15,498,381	$ 2,193,229	$ 2,268,978

Non-current assets included property, plant and equipment, right of use assets, investment assets, intangible assets, and prepayments for leases.

e. Major customers

No single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

TABLE 1

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given 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 Borrowing Amount	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/Guarantee 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 Associates	Relationship										
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	100% voting shares directly owned by the Company	$ 7,661,813	$ 876,800 (US$ 10,000 thousand) (NT$ 600,000 thousand)	$ 166,080 (US$ 6,000 thousand)	$ -	$ -	2.17%	$ 11,492,720	Yes	No	No
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares directly owned by the Company's subsidiary	7,661,813	564,395 (RMB 130,000 thousand)	564,395 (RMB 130,000 thousand)	-	-	7.37%	11,492,720	Yes	No	Yes

Note 1. The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2021.

Note 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 Group. The endorsement/guarantee on behalf of other company shall not exceed 150% of the equity attributable to owners of the Group.

TABLE 2

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taita Chemical Co., Ltd.	Ordinary shares							
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	15,109,901	$ 476,718	1.27%	$ 476,718	Note 1
	Harbinger Venture Capital Corp.	–	〃	990	7	0.50%	7	Note 3
	UPC Technology Corporation	–	Financial assets at FVTPL - current	700,000	15,120	0.05%	15,120	Note 1
	China Steel Corporation	–	〃	650,000	22,978	-	22,978	Note 1
	Tung Ho Steel Enterprise Corp.	–	〃	167,500	11,239	0.02%	11,239	Note 1
	United Microelectronics Corp.	–	〃	120,000	7,800	-	7,800	Note 1
	Quanta Computer Inc.	–	〃	125,000	11,837	-	11,837	Note 1
	ShunSin Technology Holdings Limited	–	〃	48,000	4,464	0.04%	4,464	Note 1
	Mutual funds							
	FSITC Money Market Fund	–	Financial assets at FVTPL - current	554,887	100,000	-	100,000	Note 2
	UPAMC James Bond Money Market Fund	–	〃	2,963,490	50,001	-	50,001	Note 2
	Hua Nan Phoenix Money Market Fund	–	〃	3,777,217	62,020	-	62,020	Note 2
	Yuanta De-Li Money Market Fund	–	〃	3,036,468	50,012	-	50,012	Note 2
	Capital Money Market Fund	–	〃	6,136,099	100,001	-	100,001	Note 2
	Taishin 1699 Money Market Fund	–	〃	7,310,690	100,000	-	100,000	Note 2
	KGI Victory Money Market Fund	–	〃	8,552,784	100,000	-	100,000	Note 2
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	–	Financial assets at FVTPL - current	3,280,000	59,466	-	59,466	Note 1
TAITA (BVI) Holding Co., Ltd.	Ordinary shares							
	Budworth Investment Ltd.	–	Financial assets at fair value through other comprehensive income - non-current	20,219	6 (US$ thousand)	2.22%	6 (US$ thousand)	Note 3
	Teratech Corporation	–	Financial assets at FVTPL - non-current	112,000	-	0.73%	-	Note 4
	Sohoware Inc. - preference shares	–	-	100,000	-	-	-	Note 4

Note 1. The fair value is calculated based on the closing prices at TWSE on the last trading day of December 2021.

Note 2. The fair value is calculated based on the net assets value of each fund on the last trading day of December 2021.

Note 3. The Group 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.

Note 4. As of December 31, 2021, the Group evaluates the fair value of the equity instrument as $0.

TAITA CHEMICAL CO., LTD. AND 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, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Taita Chemical Co., Ltd.	Mutual funds													
	Hua Nan Phoenix Money Market Fund	Financial assets at FVTPL - current	—	—	5,248,671	$ 86,000	36,399,248	$ 597,000	37,870,702	$ 621,110	$ 621,000	$ 110	3,777,217	$ 62,000
	Hua Nan Kirin Money Market Fund	〃	—	—	6,962,057	84,000	37,264,857	450,000	44,226,914	534,088	534,000	88	-	-
	Capital Money Market Fund	〃	—	—	5,225,881	85,000	18,423,866	300,000	17,513,648	285,109	285,000	109	6,136,099	100,000
	CTBC Hwa-win Money Market Fund	〃	—	—	-	-	33,288,910	370,000	33,288,910	370,034	370,000	34	-	-
	UPAMC James Bond Money Market Fund	〃	—	—	-	-	21,822,997	368,000	18,859,507	318,049	318,000	49	2,963,490	50,000

Note: The ending balance of mutual funds is the original purchase cost.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Counterparty	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Financial Statement Account and Ending Balance	% of Total	
Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	Sub-subsidiary	Sale	($ 1,049,003) (US$ 37,578 thousand)	(6.67%)	30 days	No significant difference	No significant difference	Accounts receivable from related parties $ 542 (US$ 20 thousand)	0.03%	—

Note: The amount was eliminated upon consolidation and based on audited financial statements.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Ending Balance (Note 3)	Turnover Rate	Overdue		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 from related parties $ 256,014 (US$ 9,249 thousand) (Note 1)	-	$ 256,014	Keep collecting the outstanding payment	$ -	$ -

Note 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 over due for a normal crediting period.

Note 2. There was no amount received in the subsequent period as of March 9, 2022.

Note 3. The amount was eliminated upon consolidation and based on audited financial statements.

TABLE 6

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Note 1)
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 2,483,948 (US$89,738 thousand)	$ 2,483,948 (US$89,738 thousand)	89,738,000	100.00%	$ 3,142,621 (US$113,455 thousand)	$ 211,285 (Gain US$7,532 thousand)	$ 211,285 (Gain US$7,352 thousand)	Subsidiary
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	11,516,174	1.98%	221,245	2,468,676	48,928	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	22,009,592	33.33%	373,731	63,389	21,130	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.43%	32,429	59,329	1,441	Investments accounted for using the equity method
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	47,057 (US$1,700 thousand)	47,057 (US$1,700 thousand)	2,695,619	5.39%	66,405 (US$2,399 thousand)	62,808 (Gain US$2,252 thousand)	-	Investments accounted for using the equity method

Note 1. Except for the calculation of ACME and ACME (Cayman) was based on the unaudited financial statements for the year ended December 31, 2021, the calculation of the rest investees was based on their audited financial statements for the same period.

Note 2. The amount was eliminated upon consolidation and based on audited financial statements.

Note 3. Investments in mainland China are included in Table 7.

TABLE 7

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method and Medium of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee (Note 5)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 5)	Carrying Amount as of December 31, 2021 (Note 5)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)") (Note 7)	Production and marketing of polystyrene derivatives	$ 1,280,200 (US$ 46,250 thousand) (Note 1)	Investments through a holding company registered in a third region	$ 1,190,240 (US$ 43,000 thousand)	$ -	$ -	$ 1,190,240 (US$ 43,000 thousand)	$ 218,742 (Gain US$7,795 thousand)	100.00%	$ 218,742 (Gain US$7,795 thousand) (Note 6)	$ 1,817,579 (US$ 65,664 thousand) (Note 6)	$ -
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)") (Note 8)	Production and marketing of polystyrene derivatives	757,048 (US$ 27,350 thousand) (Note 2)	Investments through a holding company registered in a third region	719,680 (US$ 26,000 thousand)	-	-	719,680 (US$ 26,000 thousand)	(10,135) (Loss US$ 361 thousand)	100.00%	(10,135) (Loss US$ 361 thousand) (Note 6)	(114,144) (US$ 4,124 thousand) (Note 6)	-
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	850,468 (US$ 30,725 thousand)	Investments through ACME Electronics (Cayman) Corp. registered in a third region	37,479 (US$ 1,354 thousand)	-	-	37,479 (US$ 1,354 thousand)	45,024 (Gain US$1,616 thousand)	5.39%	2,429 (Gain US$ 87 thousand)	44,556 (US$ 1,610 thousand)	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$1,947,399 (US$ 70,354 thousand)	$2,098,623 (US$ 75,817 thousand) (Note 3)	$ - (Note 4)

Note 1. TTC (ZS) resolved to issue share dividends of US$3,250 thousand in 2007.

Note 2. TTC (TJ) resolved to issue share dividends of US$1,350 thousand in 2012.

Note 3. The amount distributed from share dividends included US$3,250 thousand from TTC (ZS), US$1,350 thousand from TTC (TJ) and US$802 thousand from ACME (KS).

Note 4. According to the Letter No. 10820415160 issued by the Ministry of Economic Affairs on June 6, 2019, the upper limit on investment in mainland China pursuant to the "Principle of Investment or Technical Cooperation in Mainland China" is not applicable.

Note 5. The basis for investment income (loss) recognition is from financial statements audited and attested by the parent company's ROC-based CPA.

Note 6. The amount was eliminated upon consolidation and based on audited financial statements.

Note 7. TTC (ZS) has resolved the earnings distribution from 2007 to 2020 in the amount to RMB 306,950 thousand at the board meeting held on October 14, 2021 and the earnings have been distributed to Zhangzhou Taita Chemical Co., Ltd. on March 8, 2022.

Note 8. The Company's management decided to suspend TTC (TJ)'s production in from April 2019, please refer to Note 12 for details.

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transactions Details			
				Financial Statement Account	Amount (Note 2)	Transaction Details	% of Total Sales or Assets (Note 1)
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co.,Ltd.	The parent company to subsidiaries	Other receivables from related parties	$ 201	No significant difference with non-related parties	-
		Taita Chemical (Zhongshan) Co., Ltd.	The parent company to sub-subsidiaries	Sales revenue	1,049,003	No significant difference with non-related parties	5.05%
				Accounts receivable from related parties	542	No significant difference with non-related parties	0.01%
		Taita Chemical (Tianjin) Co., Ltd.	The parent company to sub-subsidiaries	Other receivables from related parties	256,014	No significant difference with non-related parties	2.38%
1	TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	The parent company to subsidiaries	Other payables from related parties	4,152	No significant difference with non-related parties	0.04%

Note 1. For the calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset-liability account, it is calculated as the closing balance of the transaction amount to the consolidated total assets; if it is a profit and loss account, it is calculated as the accumulated amount at the end of the period to the consolidated total revenue.

Note 2. The amount was eliminated upon consolidation and based on audited financial statements.

TABLE 9

TAITA CHEMICAL CO., LTD.

INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS

DECEMBER 31, 2021

Name of substantial shareholders	Shares	
	Number of shares held	%
Union Polymer International Investment Corporation	139,298,343	36.79%

Note: The information of major 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.