Stock Code: 1309

Taita Chemical Co., Ltd.

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

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Shareholders

Taita Chemical Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taita Chemical Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the Company's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

<u>Authenticity of the Recognition of Sales Revenue from Customers of Specific Products</u>

Due to the market demand and the fluctuation of international crude oil price, the sales revenue of the Company declined compared with that for the year 2021. However, the sales revenue of specific products in 2022 showed a growing trend, and the sales revenue from some customers has increased significantly in great amounts. Whether these sales revenues are recognized when the contractual obligations are actually met will have a significant impact on the Financial Statements and is therefore the key audit matter for the year.

For relevant accounting policies and disclosures of the recognition of sales revenue, please refer to Notes 4, 23 of the Financial Statements.

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

1. We understood and test the Company's internal control procedures on the recognition of sales revenue and its effectiveness. Also, we evaluate the appropriateness of the accounting policies used by the management for the recognition of sales revenue.

2. We verify the authenticity of the recognition of sales revenue by examining the certificate of sales transactions, including purchase orders, shipping orders, export documents and collection information.
3. We review any occurrence of sales returns, discounts and allowances, and whether there are any abnormalities in the collections after the balance sheet date.

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

The management is responsible for preparing and fairly presenting the Financial Statements under the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for maintaining internal controls as appropriate to ensure the Financial Statements free from material misstatements arising from any fraud or error.

While preparing the Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, items related to going concern and using the going concern basis of accounting, unless it either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements, as a whole, are free from material misstatements due to any fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but not a guarantee that an audit conducted under the auditing standards will always detect any material misstatement when it exists. Misstatements may arise from any fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of the Financial Statements.

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

1. Identify and assess the risks of material misstatement of the Financial Statements, whether arising from any fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast serious doubts about the Company's ability to continue as a going concern. In our auditors' report, we shall advise users to draw attention to related disclosures in the Financial Statements if any material uncertainty as we conclude or modify our opinion if such disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the Financial Statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From items communicated with those charged with governance, we have identified key audit matters in the Company's financial statements for the year ended December 31, 2022. We disclose such items in our auditors' report unless law or regulation precludes or when, in very unusual situations, we decide not to communicate in our report because the consequences of doing so would outweigh the public interest thereon as reasonably expected

Deloitte & Touche

CPAChiu, Cheng-Chun

CPAHuang, Hsiu-Chun

Financial Regulatory Commission (FRC) Approval Number
Financial Regulatory Commission (FRC) certificate No. 0930160267

Securities and Futures Commission Approval Number
Securities and Futures Commission certificate No. 0920123784

March 10, 2023

Notice to Readers:

The financial statement (Chinese version) of our company is audited by the CPA Huang, Hsiu-Chun and CPA Chiu, Cheng-Chun of Deloitte Taiwan. For the convenience of reading, the statement has been translated from Chinese to English. If there is any difference regarding the context or interpretation in the English version, the Chinese version shall prevail.

TAITA CHEMICAL CO., LTD.

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

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 477,979	5	$ 425,875	4
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	415,053	5	695,975	7
1136	Financial assets at amortized cost - current (Notes 4, 9 and 30)	5,000	-	3,000	-
1150	Notes receivable (Notes 4 and 10)	45,071	-	44,729	-
1170	Accounts receivable (Notes 4, 5 and 10)	1,095,975	12	1,787,984	17
1180	Accounts receivable from related parties (Notes 4, 5, 10 and 29)	-	-	542	-
1200	Other receivables (Notes 4 and 10)	67,612	1	94,017	1
1210	Other receivables from related parties (Notes 4, 10 and 29)	285,580	3	259,271	2
130X	Inventories (Notes 4, 5 and 11)	733,589	8	943,406	9
1410	Prepayments and other current assets	80,783	1	138,507	1
11XX	Total current assets	3,206,642	35	4,393,306	41
	Non-current Assets				
1517	Financial assets at fair value through other comprehensive incomes - non-current (Notes 4 and 8)	333,936	4	476,725	5
1550	Investments accounted for under the equity method (Notes 4, 5 and 12)	3,720,661	41	3,770,026	36
1600	Property, plant and equipment (Notes 4, 13 and 29)	1,648,052	18	1,710,988	16
1755	Right-of-use assets (Notes 4, 14 and 29)	36,955	-	41,574	-
1760	Investment properties, net (Notes 4 and 15)	108,178	1	108,178	1
1780	Intangible assets (Notes 4 and 16)	2,279	-	4,094	-
1840	Deferred income tax assets (Notes 4 and 25)	50,908	1	62,723	1
1900	Other non-current assets (Note 30)	23,829	-	24,786	-
15XX	Total non-current assets	5,924,798	65	6,199,094	59
1XXX	Total assets	$ 9,131,440	100	$ 10,592,400	100

Code	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current Liabilities				
2100	Short-term borrowings (Note 17)	$ 150,000	2	$ 350,000	3
2170	Accounts payable (Note 18)	587,893	6	947,229	9
2180	Accounts payable to related parties (Notes 18 and 29)	657	-	28	-
2200	Other payables (Note 19)	260,086	3	387,449	4
2220	Other payables from related parties (Note 29)	5,094	-	6,795	-
2230	Current tax liabilities (Notes 4 and 25)	142,379	2	443,684	4
2280	Lease liabilities - current (Notes 4, 14 and 29)	4,614	-	4,564	-
2365	Refund liabilities - current (Note 20)	1,102	-	897	-
2399	Other current liabilities	100,841	1	54,332	1
21XX	Total current liabilities	1,252,666	14	2,194,978	21
	Non-current Liabilities				
2540	Long-term borrowings (Note 17)	300,000	3	300,000	3
2570	Deferred income tax liabilities (Notes 4 and 25)	209,100	2	209,012	2
2580	Lease liabilities - non-current (Notes 4, 14 and 29)	33,760	-	38,374	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	127,716	2	186,419	2
2670	Other non-current liabilities	1,984	-	1,804	-
25XX	Total non-current liabilities	672,560	7	735,609	7
2XXX	Total liabilities	1,925,226	21	2,930,587	28
	Equity (Notes 12, 21 and 22)				
	Capital stock				
3110	Common stock	3,975,868	44	3,786,541	36
3200	Capital surplus	1,099	-	992	-
	Retained earnings				
3310	Legal reserve	457,804	5	273,706	2
3320	Special reserve	308,061	3	308,061	3
3350	Unappropriated earnings	2,254,818	25	2,943,210	28
3300	Total retained earnings	3,020,683	33	3,524,977	33
3400	Other equity	208,564	2	349,303	3
3XXX	Total equity	7,206,214	79	7,661,813	72
	Total liabilities and equity	$ 9,131,440	100	$ 10,592,400	100

The accompanying notes are an integral part of the Parent Company Only financial statements.

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TAITA CHEMICAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
In Thousands of New Taiwan Dollars, Except Earnings per share

		2022		2021	
Code		Amount	%	Amount	%
4100	Net revenue (Notes 4, 20, 23 and 29)	$ 12,870,472	100	$ 15,726,081	100
5110	Cost of goods sold (Notes 11, 13, 14, 21, 24 and 29)	11,123,548	87	12,656,293	80
5900	Gross profit	1,746,924	13	3,069,788	20
5910	Unrealized loss of sales with subsidiaries	-	-	2,476	-
5920	Realized loss of sales with subsidiaries	(2,181)	-	-	-
	Operating expenses (Notes 10, 14, 21, 24 and 29)				
6100	Selling and marketing expenses	1,295,984	10	910,610	6
6200	Administrative expenses	128,765	1	117,882	1
6300	Research and development expense	15,312	-	18,546	-
6450	Expected credit impairment (gain) loss	(1)	-	2	-
6000	Total operating expenses	1,440,060	11	1,047,040	7
6900	Profit from operations	304,683	2	2,025,224	13
	Non-operating income and expenses (Notes 7, 12, 15, 24 and 29)				
7100	Interest income	3,800	-	1,463	-
7010	Other income	77,178	1	61,833	-
7020	Other gains and losses	202,146	1	(36,283)	-
7070	Shares of profit (loss) in subsidiaries and/or associates accounted for under the equity method	(34,101)	-	282,784	2
7510	Financial costs	(6,835)	-	(5,163)	-
7000	Total non-operating income and expenses	242,188	2	304,634	2

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Code		2022 Amount	2022 %	2021 Amount	2021 %
7900	Profit before income tax	$ 546,871	4	$ 2,329,858	15
7950	Income tax expense (Notes 4 and 25)	134,793	1	479,926	3
8200	Net profit for the year	412,078	3	1,849,932	12
	Other comprehensive incomes (Notes 8, 12, 21, 22 and 25)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	31,140	-	(10,886)	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive incomes	(142,789)	(1)	135,234	1
8320	Shares of other comprehensive incomes (losses) in associates accounted for under the equity method - unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive incomes	(31,941)	-	36,974	-
8330	Shares of other comprehensive incomes (losses) in associates accounted for under the equity method - remeasurement of defined benefit plans	5,351	-	(247)	-
8349	Income tax related to components that will not be reclassified to profit or loss	(6,228)	-	2,177	-
		(144,467)	(1)	163,252	1

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Code		2022 Amount	2022 %	2021 Amount	2021 %
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	$ 40,992	-	($ 22,793)	-
8371	Share of other comprehensive loss of associates accounted for under the equity method - exchange difference resulting from translating the financial statements of foreign operations	1,198	-	(657)	-
8390	Income tax relating to items that may be reclassified subsequently to profit or loss	(8,199)	-	4,559	-
		33,991	-	(18,891)	-
8300	Other comprehensive incomes for the year (net of income tax)	(110,476)	(1)	144,361	1
8500	Total comprehensive income	$ 301,602	2	$ 1,994,293	13
	Earnings per share (Note 26)				
9710	Basic	$ 1.04		$ 4.65	
9810	Diluted	$ 1.04		$ 4.64	

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TAITA CHEMICAL CO., LTD.

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

		Share capital (Note 22)		Capital surplus (Note 22)			Retained earnings (Notes 21 and 22)				Other equity (Notes 12 and 22)			
Code		Shares (in Thousands)	Amount	Long-term equity investment	Other capital surplus	Total	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive incomes	Total	Total Equity
A1	Balance as of January 1, 2021	344,231	$ 3,442,310	$ 520	$ 296	$ 816	$ 81,781	$ 308,061	$ 2,326,852	$ 2,716,694	($ 125,641)	$ 321,627	$ 195,986	$ 6,355,806
	Appropriation of 2020 earnings													
B1	Legal reserve	-	-	-	-	-	191,925	-	(191,925)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(688,462)	(688,462)	-	-	-	(688,462)
B9	Share dividends distributed by the Company	34,423	344,231	-	-	-	-	-	(344,231)	(344,231)	-	-	-	-
T1	Changes in capital surplus	-	-	33	143	176	-	-	-	-	-	-	-	176
D1	Net profit for the year 2021	-	-	-	-	-	-	-	1,849,932	1,849,932	-	-	-	1,849,932
D3	Other comprehensive incomes after tax for the year 2021	-	-	-	-	-	-	-	(8,956)	(8,956)	(18,891)	172,208	153,317	144,361
D5	Total comprehensive income for the year 2021	-	-	-	-	-	-	-	1,840,976	1,840,976	(18,891)	172,208	153,317	1,994,293
Z1	Balance as of December 31, 2021	378,654	3,786,541	553	439	992	273,706	308,061	2,943,210	3,524,977	(144,532)	493,835	349,303	7,661,813
	Appropriation of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	184,098	-	(184,098)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(757,308)	(757,308)	-	-	-	(757,308)
B9	Share dividends distributed by the Company	18,933	189,327	-	-	-	-	-	(189,327)	(189,327)	-	-	-	-
T1	Changes in capital surplus	-	-	107	-	107	-	-	-	-	-	-	-	107
D1	Net profit for the year 2022	-	-	-	-	-	-	-	412,078	412,078	-	-	-	412,078
D3	Other comprehensive incomes after tax for the year 2022	-	-	-	-	-	-	-	30,263	30,263	33,991	(174,730)	(140,739)	(110,476)
D5	Total comprehensive income for the year 2022	-	-	-	-	-	-	-	442,341	442,341	33,991	(174,730)	(140,739)	301,602
Z1	Balance as of December 31, 2022	397,587	$ 3,975,868	$ 660	$ 439	$ 1,099	$ 457,804	$ 308,061	$ 2,254,818	$ 3,020,683	($ 110,541)	$ 319,105	$ 208,564	$ 7,206,214

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Taita Chemical Co., Ltd.

Statements of Cash Flow
For the Years Ended December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A10000	Profit before income tax	$ 546,871	$ 2,329,858
	Adjustments for:		
A20100	Depreciation expenses	171,282	167,620
A20200	Amortization expenses	1,815	1,752
A20300	Expected credit impairment loss (gain on reversal)	(1)	2
A20400	Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	18,547	(1,254)
A20900	Financial costs	6,835	5,163
A21200	Interest income	(3,800)	(1,463)
A21300	Dividend income	(36,705)	(19,077)
A22300	Shares of profit (loss) in subsidiaries and/or associates accounted for under the equity method	34,101	(282,784)
A22500	Loss (Gain) on Disposal and Retirement of Property, Plant and Equipment	(3,333)	139
A23200	Gains on disposal on investments accounted for under the equity method	-	(153)
A23700	Write-down of inventory valuation and obsolescence	27,051	1,030
A23900	Unrealized loss of sales with subsidiaries	-	(2,476)
A24000	Realized loss of sales with subsidiaries	2,181	-
A29900	Recognition of refund liabilities	7,918	6,944
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	262,375	(333,731)
A31130	Notes receivable	(342)	(3,462)
A31150	Accounts receivable	684,297	(367,431)
A31160	Accounts receivable from related parties	542	2,303
A31180	Other receivables	26,577	(45,282)
A31190	Other receivables from related parties	(26,309)	7,409
A31200	Inventories	252,856	(442,288)
A31230	Prepayments and other current assets	(12,366)	(3,731)
A32150	Accounts Payable	(359,336)	(154,749)
A32160	Accounts payable to related parties	629	(470)
A32180	Other Payables	(145,817)	55,929
A32190	Other payables from related parties	(1,701)	2,617
A32230	Other current liabilities	46,509	33,505
A32240	Net defined benefit liabilities	(27,563)	(26,263)
A33000	Cash generated from operations	1,473,113	929,657
A33100	Interest received	3,628	1,460
A33300	Interest paid	(6,766)	(5,224)
A33500	Income tax paid	(438,622)	(314,016)
AAAA	Net cash generated from operating activities	1,031,353	611,877

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Code		2022	2021
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	($ 3,000)	-
B00050	Proceeds from disposal of financial assets at amortized cost	1,000	-
B02700	Payments for property, plant and equipment	(95,064)	($ 97,410)
B02800	Proceeds from disposal of property, plant and equipment	9,921	-
B03700	Increase in refundable deposits	(748)	(787)
B03800	Decrease in refundable deposits	1,705	-
B04500	Payments for intangible assets	-	(440)
B07600	Dividends received	65,495	38,819
B09900	Proceeds from liquidation of investments accounted for under the equity method	-	153
BBBB	Net cash used in investing activities	(20,691)	(59,665)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	-	200,000
C00200	Decrease in short-term borrowings	(200,000)	-
C01600	Proceeds from long-term borrowings	750,000	1,600,000
C01700	Repayments of long-term borrowings	(750,000)	(1,600,000)
C04020	Repayment of the principal portion of lease liabilities	(4,564)	(4,514)
C04300	Increase in other non-current liabilities	180	175
C04500	Cash dividends paid	(757,308)	(688,462)
C04400	Refund of unclaimed overdue cash dividends	3,134	552
C09900	Claim for disgorgement	-	143
CCCC	Cash used in financing activities	(958,558)	(492,106)
EEEE	Increase in cash and cash equivalents in the current year	52,104	60,106
E00100	Cash and cash equivalents at the beginning of period	425,875	365,769
E00200	Cash and cash equivalents at the end of period	$ 477,979	$ 425,875

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TAITA CHEMICAL CO., LTD.

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

1. COMPANY HISTORY

Taita Chemical Co., Ltd. ("the Company") was founded in April 1960, mainly engaged in the manufacturing and sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resin, acrylonitrile-styrene copolymer (San) resin, glass wool insulation products, plastic raw materials, and other processed products. The ordinary shares of the Company have been publicly listed on the Taiwan Stock Exchange since 1986. The Company's parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of December 31, 2022. USI Corporation has operational control over the Company.

The Financial Statements are presented in the New Taiwan dollar, also the Company's functional currency.

2. DATE OF APPROVAL OF THE FINANCIAL STATEMENTS AND APPROVAL PROCEDURES

The Financial Statements were approved by the Company's board of directors on March 3, 2023.

3. APPLICATION OF THE NEWLY ISSUED AND/OR AMENDED STANDARDS AND INTERPRETATIONS

a. The initial application of the latest Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

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

b. FSC-endorsed IFRSs that are applicable from 2023 onward

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred taxes on assets and liabilities arising from a single transaction"	January 1, 2023 (Note 3)

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

Notes 2: The amendments apply to changes in accounting estimates and in accounting policies which take place in the annual reporting periods beginning on or after January 1, 2023.

Notes 3: Except for the temporary differences arising from leases and decommissioning obligations on January 1, 2022 are recognized in deferred income tax, the amendment applies to transactions occurring after January 1, 2022.

Till the date of approval of the Financial Statements, the Company's assessment of the effects of aforementioned standards and the amendments to the interpretation will not have any serious impact on the financial position and financial performance.

c. Standards issued by the IASB but not yet endorsed and issued into effect by the FSC.

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”	To be determined
Amendments to IFRS 16 “Lease Liabilities in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 — Comparative Information”	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Notes 2: The seller-lessee shall retrospectively apply the amendments to IFRS 16 in sale and leaseback transactions after the initial application of IFRS 16.

As of the date of approval of the Financial Statements, the Company has continued to assess the effects of amendments to other standards and interpretations on its financial conditions and performance. Related impacts will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Compliance declaration

The Financial Statements have been prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Preparation basis

The consolidated Financial Statements have been prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less fair value of plan assets.

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. deduced from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

While preparing the Financial Statements, the Company adopts the equity method to account for its investments in subsidiaries and/or associates. To ensure the amounts of the net profit and loss, as well as other comprehensive incomes and equities, for the year in the Financial Statements are the same as those attributable to the owners of the Company in the Consolidated Financial Statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for under the equity method, and to the shares of profit or loss in subsidiaries and/or associates and the shares of other comprehensive incomes in subsidiaries and/or associates and the related equity items, as appropriate, in the Financial Statements.

c. Standards for assets and liabilities classified as current and non-current

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the reporting period; and
3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets or liabilities that are not specified above are classified as non-current.

d. Foreign currencies

While preparing the Financial Statements, transactions denominated in a currency other than the Company’s functional currency, a foreign currency, are translated into the Company's functional currency by using the exchange rate on the transaction date.

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

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate prevailing on the date when the fair value is measured. The resulting exchange difference shall be included in the current profit and loss. Where changes in the fair value are recognized in any other comprehensive incomes, it shall be recognized in the comprehensive income.

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

While preparing the Financial Statements, the assets and liabilities of foreign operations (including subsidiaries and/or associates that operate in a country or a currency different from the Company) are translated into the New Taiwan dollar at the closing rate of exchange prevailing on the balance sheet date. Income and expenses are translated at the average exchange rates for the period. The exchange difference arising are recognized in other comprehensive profit or loss.

e. Inventories

Inventories consist of raw materials, production supplies, finished goods, and work in progress. Inventories are measured at the lower of cost or net realizable value, and the comparison between costs and net realizable values is on individual item basis, except for inventories of the same type. The net realizable value is the estimated selling price of inventories less the estimated cost to be amortized until completion and all costs necessary for the sale. Inventories are measured at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company has adopted the equity method for investments in subsidiaries.

Subsidiaries refer to entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost. The carrying amount of investment is adjusted after acquisition with changes in the Company's shares of profit or loss and other comprehensive incomes in subsidiaries and the profit distribution of the subsidiaries. In addition, changes in the Company’s shares of subsidiaries' other equity are recognized in proportion to its shareholding ratio.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company’s share of loss in a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for under the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further loss.

While evaluating any impairment, the Company considers cash-generating units as a whole in the Financial Statements and compares the recoverable amount and the carrying amount of cash-generating units. Subsequently, if the recoverable amount of an asset increases, the reversal of the impairment loss shall be recognized as an advantage, provided that the carrying amount of the asset recovered from the impairment loss shall not exceed that after the deduction of the amortization with the impairment loss not recognized.

The unrealized profit or loss on the downstream transactions between the Company and the subsidiary shall be excluded from the Financial Statements. Any gain or loss arising from the counter-current and side-current transactions between the Company and its subsidiaries shall be recognized in the Financial Statements to the extent not related to the Company's equity in the subsidiaries.

g. Investments in associates

Associates refer to entities that the Company has significant influences on, instead of subsidiaries.

The Company has applied the equity method to its investments in associates.

Under the equity method, investments in associates are initially recognized according to cost, and the carrying amount acquired in the future increases or decreases with the Company's shares of profit or loss and other comprehensive incomes in associates and the profit distribution of the associates. In addition, equity changes in associates are recognized based on the shareholding ratio.

When associates issue new shares and the Company does not subscribe to such shares to the extent that its original shareholding ratio can be changed, and the net equity value of investment increases or decreases. Such difference is recorded as an adjustment to capital surplus - changes in the net equity value in associates under the equity method are recognized and other investments are made under the equity method. However, where the Company's ownership interest in an associate is reduced because of not subscribing or acquiring new shares in proportion to its present holdings, the proportionate amount of gain or loss previously recognized in any other comprehensive incomes related shall be reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of related assets or liabilities. If such adjustment is required to be debited to capital surplus and the capital surplus recognized from investments accounted for under the equity method is insufficient, the difference shall be debited to retained earnings.

The Company ceases to recognize a further loss when its share of loss in an associate equals or exceeds its equity in the associate (including the carrying amount of the investments in the associate under the equity method and the Company's other long-term equities that are substantially the component of the net investment in the associate). The Company recognizes additional loss and liabilities only in the scope where the legal obligations and constructive obligations exist, or payments are made on behalf of the associates.

To assess impairment, the Company has to consider the overall carrying amount of the investment as a single asset to compare the recoverable and carrying amounts for the impairment test, and the recognized impairment loss is not allocated to any asset, a component of the carrying amount of the investment. The reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Company shall cease using the equity method as of the date on which an associate is no longer its investment. Its retained interest in the associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment on the date of acquisition of the equity method is included in profit or loss for the current period.

Any profit or loss arising from the upstream, downstream and side-stream transactions between the Company and its associates is recognized in the Financial Statements only when the profit or loss is irrelevant to the Company's interests in the associates.

h. Property, Plant and Equipment

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

Property, plant and equipment under construction are measured at cost less any recognized impairment loss. Costs include professional services fees and borrowing costs eligible for capitalization. Samples produced when these assets are tested for proper operation prior to their expected use are measured at low cost and net realization value, and their selling price and cost are recognized in profit or loss. Such assets are depreciated and divided into the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land, depreciation of property, plant and equipment is recognized depreciated separately for each significant part within the service life on a straight-line basis. The estimated service life, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant, and equipment is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in profit or loss.

i. Investment properties

Investment properties also include land held for currently undetermined future use. Investment properties also include land held for any currently undetermined future use.

The investment properties held by the Company are land initially measured by cost (including transaction cost) and subsequently recognized as no depreciation, measured by the total cost less the cumulative impairment loss.

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

j. Intangible Assets

Intangible assets with a limited service life are initially measured at cost and subsequently measured at cost less cumulative amortization and cumulative impairment loss. Intangible assets are amortized on a straight-line basis within the service life, and the Company reviews the estimated service life, residual value and amortization method at least at the end of each year and postpones the impact of the applicable changes in accounting estimate.

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

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

On each balance sheet date, the Company reviews the carrying amounts of its property, plant, and equipment, right-of-use assets, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If it is not possible to determine the recoverable amount for an individual asset, the Company shall estimate the recoverable amount of the asset's cash-generating unit. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. Where the recoverable amount of an individual asset or a cash-generating unit is lower than its carrying amount, the carrying amount of the asset or cash-generating unit shall be reduced to the recoverable amount, and the impairment loss shall be recognized in profit or loss.

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

l. Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the financial instrument contract.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

The regular trading of financial assets shall be recognized and derecognized under trade date accounting.

a) Types of measurement

Financial assets held by the Company are classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive profit or loss.

i. Financial assets at fair value through profit or loss

Financial asset is classified as at financial assets at fair value through profit or loss when such a financial asset is mandatorily classified. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments not designated by the Company to be measured at fair value through other comprehensive incomes and debt instrument investments not subject to classification as measured at amortized cost or to be measured at fair value through other comprehensive incomes.

Financial assets at fair value through profit or loss are measured at fair value. Dividends and interest accrued are recognized in other income and interest income respectively, and profit or loss accrued from remeasurement are recognized in other gains or loses. Please refer to Note 28 for the methods for determining fair values.

ii. Financial assets at amortized cost

When the Company's investments in financial assets match the following two conditions simultaneously, they are classified as financial assets at amortized cost:

i) Financial assets are under a business model whose purpose is to hold financial assets and collecting contractual cash flow; and
ii) The terms of the contract generate a cash flow on a specified date that is solely for the payment of interest on the principal and the amount of principal outstanding.

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

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

i) For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

ii) Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

A credit-impaired financial asset refers to the situation where the issuer or debtor has experienced significant financial difficulties or defaults and therefore the debtor is likely to file for bankruptcy or declare financial restructuring, or the disappearance of an active market for that financial asset due to financial difficulties has occurred.

Cash equivalents include highly liquid time deposits and reverse repurchase agreements collateralized by bonds that can be readily converted into fixed amount of cash with limited risk of change in value. Cash equivalents are held to meet short-term cash commitments.

iii. Investments in equity instruments at fair value through other comprehensive incomes

The Company may, at initial recognition, make an irrevocable decision to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at fair value through other comprehensive incomes.

Investments in equity instruments at fair value through other comprehensive incomes are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive incomes and accumulated in other equity. When the investment is disposed of, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

Dividends of investments in equity instruments at fair value through other comprehensive incomes are recognized in profit or loss when the Company's right to receive payment is confirmed unless such dividends clearly represent the recovery of a part of the investment cost.

b) Impairment of financial assets

The impairment loss of financial assets (including accounts receivable) measured at amortized cost based on expected credit loss is assessed by the Company on each balance sheet date.

Accounts receivable are recognized as lifetime expected credit loss (ECLs). Where a financial asset has a credit risk not significantly increased since its initial recognition, a loss allowance for a 12-month expected credit loss is required; otherwise a loss allowance for lifetime expected credit loss is required.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from the possible default of the financial instrument in the 12 months after the balance sheet date, and the expected credit loss during the lifetime represents the expected credit loss arising from all possible defaults of the financial instrument during the expected existence period.

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

The impairment loss of all financial assets is reduced based on the allowance account.

c) Derecognition of financial assets

The Company derecognizes the financial assets when the contractual rights to the cash flow from the said financial assets expire or when the Company transfers almost all the risks and rewards of ownership of the financial assets to other enterprises.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. Through the full derecognition of the investments in equity instruments at fair value through other comprehensive incomes, the cumulative profit or loss is directly transferred to retained earnings and not reclassified to profit or loss.

2) Financial liabilities

a) Subsequent measurement

Except the financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Please refer to Note 28 for the methods for determining fair values.

b) Derecognition of financial liabilities

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

3) Derivative instruments

The Company enters into a variety of derivative instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value on the date when the derivative contracts are entered into, and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Revenue recognition

After the Company identifies its performance obligations in contracts with customers, it shall amortize the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

Proceeds of sale

Proceeds of sale are derived from sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resins, acrylonitrile-styrene copolymer (San) resins, glass wool insulation products, plastic raw materials, and the related processed products. The sale of goods above is recognized as revenue when goods are delivered to a customer because it is the time when the customer has the sole discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently.

n. Leases

The Company assesses whether the contract is (or includes) a lease on the date of its establishment.

1) Where the Company is a lessor:

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

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term. The initial direct costs arising from acquisition of operating leases is added to the carrying amount of the underlying assets; and an expense is recognized for the lease on a straight-line basis over the lease term.

2) Where the Company is a lessee:

Except that the lease payments of the low value subject-matter assets and short-term leases applicable to recognition exemption are recognized as expenses on a straight-line basis during the lease period, other leases are recognized as right-of-use assets and lease liabilities on the lease commencement date.

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

The right-of-use assets shall be depreciated on a straight-line basis from lease commencement date to the end of the service life or the end of the lease term.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. If the implicit interest rate of lease is easy to determine, the interest rate is used to discount the lease payment. If the interest rate is not easy to determine, the lessee's incremental borrowing rate shall be used.

Subsequently, the lease liabilities are measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned during the lease term. When there is any change in future lease payments resulting from any change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement will be recognized in profit or loss. Lease liabilities are presented separately in the balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of those assets until the assets are substantially ready for their intended use or sale.

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

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The costs of defined benefits under the defined benefit pension plan (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. Net interests on service costs and net defined benefit liabilities are recognized as employee benefits at the time of existence. The remeasurement amount (including actuarial gain and loss and the return on plan assets after deducting interest) is recognized in other comprehensive profit and loss and presented in retained earnings during a period in which it occurs. It shall not be reclassified to profit or loss in subsequent periods.

Net defined benefit liabilities are the deficit of the contribution made according to the defined benefit pension plan.

q. Income tax

Income tax expenses are the sum of current income taxes and deferred income taxes.

1) Current income tax

The Company determines the income (loss) of the current period under the laws and regulations in each income tax declaration jurisdiction and calculates the income tax payable (recoverable) accordingly.

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as an income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to prior-year income taxes payable are shown in the income taxes of the current year.

2) Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that the taxable capital is available for writing off temporary differences and loss deductions.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and/or associates, except where the Company can control the reversal of the temporary difference and probably, the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment when it is probable that sufficient taxable income will be available to realize the such temporary difference, deferred income tax assets are recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. A previously unrecognized deferred taxes asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected realization of assets or repayment of liabilities. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax assets and liabilities reflects the tax consequences arising from the manner in which the Company is expected to reclaim or settle the carrying amount of its assets and liabilities on the balance sheet date.

3) Current and deferred taxes

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

5. PRIMARY SOURCES OF UNCERTAINTIES IN MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When the Company adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The management shall continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; and if an amendment to accounting estimates affects the current and future periods, it shall be recognized during the amendment and in the subsequent periods.

Primary Sources of Estimation Uncertainties

a. Estimated impairment of accounts receivable

The estimated impairment of accounts receivable is based on the Company's assumptions regarding the probability of default and the rate of loss on default. The

Company considers historical experience, current market conditions and forward-looking information to make assumptions and select inputs for impairment assessment. For details of the key assumptions and inputs applied, refer to Note 10. If the actual cash flow in the future is less than expected by the Company, there may be material impairment loss.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

c. Estimation of damage compensation for associate's gas explosion incidents

The Company's associate, China General Terminal & Distribution Corporation ("CGTD"), recognized a provision for civil damages due to a gas explosion. The management considered the progress of the relevant civil and criminal procedures, settlements achieved, and legal advice to estimate the amount of the provision. However, the actual amount might differ from the current estimation.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 371	$ 441
Checks and demand deposits in banks	43,819	120,722
Cash equivalents		
Fixed term deposits	287,964	304,712
Bonds sold under repurchase agreement	145,825	-
	$477,979	$425,875

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

	December 31, 2022	December 31, 2021
Fixed term deposits	1.18%~4.18%	0.08%~0.77%
Bonds sold under repurchase agreement	1.05%~1.35%	-

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Derivatives (not under hedge accounting)		
- Forward foreign exchange contracts	$ -	$ 1,037
Non-derivative financial assets		
- Domestic listed shares	22,540	73,438
- Mutual fund	333,210	562,034
- Beneficiary securities	59,303	59,466
Subtotal	415,053	694,938
	$415,053	$695,975

Forward foreign exchange contracts that are not applicable to hedge accounting and have not been outstanding yet on the balance sheet date are as follows (December 31, 2022: None):

	Currency	Expiration Period	Contracted Amount (Thousand)
December 31, 2021			
Forward foreign exchange for sales	USD to NTD	2022.01.13~2022.03.21	USD 7,340 /TWD 204,227

The purpose of engaging in forward foreign exchange transactions for the years 2021, 2022 is mainly to avoid the risk of foreign currency assets and liabilities due to the fluctuations of the exchange rates. The forward foreign exchange contract held by the Company does not apply to hedge accounting because it does not meet the effective hedging conditions.

There were net loss of NT$505 thousand and net gain of NT$8,818 thousand arising from the transaction of financial assets measured at fair value through profit or loss in 2022 and 2021 respectively; The net loss arising from financial liabilities measured at fair value through profit or loss for the years ended December 31, 2022 and 2021 was NT$13,364 thousand and NT$2,499 thousand, respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOMES - NON-CURRENT

	December 31, 2022	December 31, 2021
Investments in equity instruments		
Domestic investment		
Ordinary shares of the listed companies		
— USI Corporation	$ 333,929	$ 476,718
Ordinary shares of the unlisted companies		
— Harbinger Venture Capital Corp. (“HARBINGER”)	7	7
	$ 333,936	$ 476,725

The Company invests in the aforesaid listed ordinary shares for medium- and long-term strategic purposes and expects to make profits through long-term investments. Accordingly, the management elected to designate such investments as measured at fair value through other comprehensive profit and loss as they believe that recognizing short-term fluctuations in these investments’ fair value in profit or loss would not be consistent with the Company’s strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31, 2022	December 31, 2021
Pledged time deposits	$ 5,000	$ 3,000

As of December 31, 2022 and 2021, the market interest rate range of pledged deposits was 1.32% to 1.41% and 0.37% to 0.69% per annum, respectively.

For information related to the pledged financial assets measured at amortized cost, please refer to Note 30.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Notes receivable (1)		
Notes receivable - operating	$ 45,071	$ 44,729
Accounts receivable (1)		
Measured at amortized cost		
Total carrying amount	$ 1,149,707	$ 1,841,717
Less: Allowance for impairment loss	(53,732)	(53,733)
	$ 1,095,975	$ 1,787,984
Accounts receivable from related parties (1) (Note 29)	$ -	$ 542
Other receivables (2)		
Business tax refund receivable	$ 67,204	$ 88,943
Others	408	5,074
	$ 67,612	$ 94,017
Other receivables from related parties (Note 29)	$ 285,580	$ 259,271

a. Notes receivable and accounts receivable

The average credit period for sales of goods is 30-180 days. No interest is charged on receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that a follow-up action is taken to recover overdue debts. For part of the accounts receivable, the Company entered into a credit insurance contract or obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company will also review recoverable amount of receivable on balance sheet date to ensure unrecoverable receivables are listed in impairment loss. To minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals, and other monitoring procedures to ensure that any follow-up action is taken to recover overdue debts. For part of the accounts receivable, the Company entered into a credit insurance contract or obtained sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company recognizes the allowance for losses on accounts receivable based on the lifetime expected credit loss. The expected credit loss on trade receivables is estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of the current and forecast directions of economic conditions at the reporting date.

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

The allowance for losses on the notes and accounts receivable based on the provision matrix are as follows:

December 31, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 4,192	$ 100,685	$ 82,058	$1,007,843	$1,194,778
loss allowance (lifetime expected credit loss)	-	-	(219)	(53,513)	(53,732)
Amortized cost	$ 4,192	$ 100,685	$ 81,839	$ 954,330	$1,141,046

December 31, 2021

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 2,148	$ 186,333	$ 76,787	$1,621,720	$1,886,988
loss allowance (lifetime expected credit loss)	-	-	(220)	(53,513)	(53,733)
Amortized cost	$ 2,148	$ 186,333	$ 76,567	$1,568,207	$1,833,255

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

	2022	2021
Beginning Balance	$ 53,733	$ 53,731
Expected credit impairment loss (gain on reversal)	(1)	2
Ending Balance	$ 53,732	$ 53,733

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

	December 31, 2022	December 31, 2021
Not Past Due	$ 1,105,180	$ 1,788,022
Past due within 60 days	33,011	45,448
Past due over 61 days	56,587	53,518
Total	$ 1,194,778	$ 1,886,988

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

As of December 31, 2022 and 2021, except that the balance of accounts receivable of specific clients accounted for 20% and 22% of the total amount of all accounts receivable respectively, the balance of accounts receivable of other clients did not exceed 10% of the total amount of all accounts receivable. The concentration of credit risk is limited because the Company's customer base is vast and unrelated to each other.

b. Other receivables

Other receivables of the Company as of 31 December 2022 and 2021 have been assessed for impairment loss based on expected credit loss.

11. INVENTORIES

	December 31, 2022	December 31, 2021
Finished goods	$ 359,669	$ 446,859
Work in process	130,666	105,084
Raw materials	218,227	370,705
Production supplies	25,027	20,758
	$ 733,589	$ 943,406

The cost of goods sold related to inventories in 2022 and 2021 was NT$11,123,548 thousand and NT$12,656,293 thousand, respectively.

The cost of goods sold related to inventories in 2022 and 2021 was NT$11,123,548 thousand and NT$12,656,293 thousand, respectively. The cost of goods sold included a write-down of NT$27,051 thousand and a reversal of inventory write-down of NT$1,030 thousand, which resulted from inventory closeout, for the years ended December 31, 2022 and 2021, respectively.

12. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	December 31, 2022	December 31, 2021
Investments in subsidiaries	$ 3,144,353	$ 3,142,621
Investments in associates	576,308	627,405
	$ 3,720,661	$ 3,770,026

a. Investments in subsidiaries

	December 31, 2022	December 31, 2021
Unlisted companies		
TAITA (BVI) Holding Co., Ltd. (TAITA (BVI))	$ 3,144,353	$ 3,142,621

Name of Investor	Name of Subsidiary	Nature of business	Proportion of Ownership December 31, 2022	Proportion of Ownership December 31, 2021
The Company	TAITA (BVI)	Reinvestment	100%	100%

Through TAITA (BVI), the Company indirectly invested in Taita Chemical (Tianjin) Co., Ltd. (“TAITA (TJ)”). The management stopped the production of TAITA (TJ) in April 2019 as a result of the reduction in demand of EPS, which is the main product of TAITA (TJ) in the local market. TAITA (TJ) determined the recoverable amount of the property, plant and equipment, including right-of-use assets, on the basis of their fair values less costs of disposal. The review led TAITA (TJ) to recognize an impairment loss of 39 thousand yuan in 2021, (2022: None), which was recognized in the shares of profit or loss in the subsidiaries. As assessed by the management of the Company, there were no significant changes in fair value as compared to December 31, 2022 and 2021.

On December 3, 2020, the Board of Directors of the Company resolved to establish Zhangzhou Taita Chemical Company Ltd. (TTC (ZZ)) with a capital contribution of RMB314,000 thousand from TAITA (BVI). The main business of TTC (ZZ) is the production and sale of EPS. The establishment of TTC (ZZ) was registered on June 28, 2021, and TAITA (BVI) injected RMB306,950 thousand into TTC (ZZ) on March 8, 2022.

The investments in subsidiaries accounted for by the equity method and the shares of profit or loss and other comprehensive incomes in subsidiaries for the years ended December 31, 2022 and 2021 were based on the subsidiaries’ financial statements audited by auditors for the same years.

b. Investments in associates

	December 31, 2022	December 31, 2021
Individually insignificant associates		
Listed companies		
China General Plastics Corporation ("CGPC")	$ 187,231	$ 221,245
Acme Electronics Corp. ("ACME")	33,466	32,429
Unlisted companies		
China General Terminal & Distribution Co. ("CGTD")	355,611	373,731
	$ 576,308	$ 627,405

Information on individually insignificant associates is summarized below:

	2022	2021
The Company's shares of:		
Profits from continuing operations	$ 2,983	$ 71,499
Other comprehensive incomes	(25,392)	36,070
Total comprehensive income	($ 22,409)	$ 107,569

The Company's ownership interest and percentage of the voting rights in related enterprises on the balance sheet date are as follows:

Name of Company	December 31, 2022	December 31, 2021
CGPC	1.98%	1.98%
ACME	2.43%	2.43%
CGTD	33.33%	33.33%

For the nature of activities, principal places of business and countries of incorporation of the associates, please refer to Table 5 "Information on Investees" .

The Company jointly held more than 20% of the long-term equity investment and associates of CGPC and ACME and had a significant influence on each company. Therefore, the valuation was conducted under the equity method.

Fair values (Level 1) of investments in associates with open market quotations are summarized as follows:

Name of Company	December 31, 2022	December 31, 2021
CGPC	$ 304,027	$ 399,611
ACME	$ 106,458	$ 237,809

All the aforesaid associates are accounted for under the equity method.

Except that ACME's financial statements for the year ended December 31, 2021 were not audited by CPAs, the shares of profit or loss in associates using the equity method and other comprehensive incomes for the years 2022, 2021 were recognized based on the associates' financial statements audited by CPAs in the same period. However, the Company's management considered no material impact arising from ACME's unaudited financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery	Transportation equipment	Other equipment	Construction in Progress	Total
Cost							
Balance as of January 1, 2021	$ 634,432	$ 866,474	$3,814,703	$ 24,754	$ 303,391	$ 57,696	$5,701,450
Addition	-	-	-	-	-	97,060	97,060
Disposal and obsolescence	-	(2,456)	(34,217)	(700)	(2,547)	-	(39,920)
Internal transfers	-	6,012	103,926	141	10,417	(120,496)	-
Balance as of December 31, 2021	$ 634,432	$ 870,030	$3,884,412	$ 24,195	$ 311,261	$ 34,260	$5,758,590
Accumulated depreciation							
Balance as of January 1, 2021	$ -	$ 637,291	$2,975,901	$ 23,796	$ 287,395	$ -	$3,924,383
Disposal and obsolescence	-	(2,317)	(34,217)	(700)	(2,547)	-	(39,781)
Depreciation expenses	-	21,893	135,435	436	5,236	-	163,000
Balance as of December 31, 2021	$ -	$ 656,867	$3,077,119	$ 23,532	$ 290,084	$ -	$4,047,602
Net amount as of December 31, 2021	$ 634,432	$ 213,163	$ 807,293	$ 663	$ 21,177	$ 34,260	$1,710,988
Cost							
Balance as of January 1, 2022	$ 634,432	$ 870,030	$3,884,412	$ 24,195	$ 311,261	$ 34,260	$5,758,590
Addition	-	-	-	-	-	110,315	110,315
Disposal and obsolescence	-	(768)	(31,002)	-	(6,670)	-	(38,440)
Internal transfers	-	5,980	69,047	-	9,094	(84,121)	-
Balance as of December 31, 2022	$ 634,432	$ 875,242	$3,922,457	$ 24,195	$ 313,685	$ 60,454	$5,830,465
Accumulated depreciation							
Balance as of January 1, 2022	$ -	$ 656,867	$3,077,119	$ 23,532	$ 290,084	$ -	$4,047,602
Disposal and obsolescence	-	(768)	(24,414)	-	(6,670)	-	(31,852)
Depreciation expenses	-	19,996	140,304	447	5,916	-	166,663
Balance as of December 31, 2022	$ -	$ 676,095	$3,193,009	$ 23,979	$ 289,330	$ -	$4,182,413
Carrying amounts as of December 31, 2021	$ 634,432	$ 199,147	$ 729,448	$ 216	$ 24,355	$ 60,454	$1,648,052

Property, plant, and equipment are depreciated on a straight-line basis over the following service life:

Buildings	
Plants	20, 30, 35, 40 and 55 years
Offices and laboratories	26-35 years
Warehouses	20-25 years
Storage tanks	8-20 years
Others	2-9 years
Machinery	
Environmental protection equipment	15-20 years
Monitoring equipment	11-15 years
Storage tanks and pipeline systems	10-15 years
Production and packaging equipment	8-15 years
Power systems	7-15 years
Others	2-8 years
Transportation equipment	5-15 years
Other equipment	2-15 years

14. LEASE AGREEMENTS

a. Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amounts		
Land	$ 36,955	$ 41,574

	2022	2021
Depreciation expense of right-of-use assets		
Land	$ 4,619	$ 4,620

Except for the recognized depreciation expense, there were no significant additions, sublease and impairments of the Company's right-of-use assets for the years 2022, 2021.

b. Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 4,614	$ 4,564
Non-current	$ 33,760	$ 38,374

The discount rate for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Land	1.10%	1.10%

The related parties lease the Company the land in Linyuan for the use of the factory. At the end of the lease term, the Company has no right of first refusal to the leased land. For transactions with related parties, please refer to Note 29.

c. Other lease information

For the Company's agreement to lease investment properties under operating leases, please refer to Note 15.

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Short-term lease expenses	$ 14,078	$ 12,159
Total cash outflow from leasing activities	$ 19,091	$ 17,172

The Company selects to apply the recognition exemptions to leases of office, machinery and equipment, transportation and transportation equipment leases that are eligible for short-term leases, and it does not recognize the relevant right-of-use assets and lease liabilities for such leases.

15. INVESTMENT PROPERTIES, NET

	December 31, 2022	December 31, 2021
Land	$ 108,178	$ 108,178

The Company's investment properties are located in Qianzhen District, Xingbang Section and Linyuan Industrial Park, an industrial land where comparable market transactions are not frequent. Thus, it's hard to obtain reliable alternative fair value estimates or to measure the fair value reliably.

The property located in Qianzhen District is leased to CGTD. The rental was NT$1,628 thousand per month, which is based on the actual usable area. Refer to Notes 24, 29.

16. INTANGIBLE ASSETS

	December 31, 2022	December 31, 2021
Carrying amount by function		
Information systems	$ 278	$ 493
Design expenses for factories	2,001	3,601
	$ 2,279	$ 4,094

Intangible assets are amortized on a straight-line basis over the following service life:

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

17. BORROWINGS

a. Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Line of credit borrowings	$ 150,000	$ 350,000

The range of interest rates on line of credit borrowings was 0.52%-0.74% and 1.32% per annum as of December 31, 2022 and 2021, respectively.

b. Long-term borrowings

	December 31, 2022	December 31, 2021
Unsecured borrowings		
Credit loans	$ 300,000	$ 300,000

The annual interest rates of the Company's long-term borrowings were as follows:

	December 31, 2022	December 31, 2021
Credit loans	1.35%	0.81%

In order to fund medium to long-term working capital needs, the Company signed medium to long-term loan agreements with banks. As of December 31, 2022, the total lines of credit were NT$2,600,000 thousand. The loan agreements will subsequently expire before September 2025, and these lines of credit are used cyclically within the validity period of the contracts. As of December 31, 2022, NT$300,000 thousand have been utilized.

As provisioned in the Company's loan agreements, both the current ratio, and the liability ratio, as stated in the Financial Statements shall not be less than a specified percentage. In case of non-conformity, the Company shall propose improvement measures to the banks concerned. As of December 31, 2022, the Company did not violate these financial ratios and terms.

18. ACCOUNTS PAYABLE

	December 31, 2022	December 31, 2021
Accounts payable (including related parties)		
Arising from operations (Note 29)	$ 588,550	$ 947,257

The average accounting period of the accounts payable of the Company is 30 to 45 days. The Company has a financial risk management policy to ensure that all payables are paid within the pre-agreed credit terms.

19. OTHER PAYABLES

	December 31, 2022	December 31, 2021
Payables for salaries or bonuses	$ 90,292	$204,388
Payables for freight fees	71,781	106,038
Payables for utilities	25,517	27,334
Payables for equipment	24,856	9,605
Payables for professional service expenses	9,251	9,373
Payables for insurance	6,662	8,922
Payables for taxes	1,584	1,707
Others	30,143	20,082
	$260,086	$387,449

20. REFUND PROVISIONS

	December 31, 2022	December 31, 2021
Customer returns and rebates	$ 1,102	$ 897

	2022	2021
Beginning Balance	$ 897	$ 879
Provision	7,918	6,944
Returns and rebates	(7,713)	(6,926)
Ending Balance	$ 1,102	$ 897

The refund provision is based on the management’s judgments and other known reasons for which estimated product returns and rebates may occur for the year ended. The provision is recognized as a reduction of operating income in the periods in which the related goods are sold.

21. POST-RETIREMENT BENEFIT PLAN

a. Defined contribution plans

The Company adopts a pension plan under the Labor Pension Act, which is a state-managed defined contribution plan. According to the Labor Pension Act, the Company makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

b. Defined benefit plans

The pension system adopted by the Company under the "Labor Standards Act" is a state-managed defined benefit plan. The payment of the employee's pension is based on the period of service and the average salary of 6 months before the approved retirement date. Since November 1986, the Company contributed a specific rate (currently 12%) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Company has no right to influence the investment policy and strategy.

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

	December 31, 2022	December 31, 2021
Present Value of Defined Benefit Obligation	$ 470,859	$ 543,761
Fair Value of Plan Assets	(343,143)	(357,342)
Net defined benefit liabilities	$ 127,716	$ 186,419

Changes in net defined benefit liabilities are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance as of January 1, 2021	$ 593,645	($ 391,849)	$ 201,796
Service costs			
Service costs for the current period	3,949	-	3,949
Net interest expense (income)	2,184	(1,476)	708
Recognized in profit or loss	6,133	(1,476)	4,657
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(5,646)	(5,646)
Actuarial loss			
- Changes in demographic assumptions	12,124	-	12,124
- Changes in financial assumptions	(4,379)	-	(4,379)
- Experience adjustments	8,787	-	8,787
Recognized in other comprehensive incomes	16,532	(5,646)	10,886
Contributions by the employer	-	(29,142)	(29,142)
Benefits paid on plan assets	(70,771)	70,771	-
Provisions	(1,778)	-	(1,778)
Balance as of December 31, 2021	$ 543,761	($ 357,342)	$ 186,419

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance as of January 1, 2022	$ 543,761	($ 357,342)	$ 186,419
Service costs			
Service costs for the current period	2,903	-	2,903
Net interest expense (income)	2,606	(1,724)	882
Recognized in profit or loss	5,509	(1,724)	3,785
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	-	(30,701)	(30,701)
Actuarial gain			
- Changes in financial assumptions	(4,229)	-	(4,229)
- Experience adjustments	3,790	-	3,790
Recognized in other comprehensive incomes	(439)	(30,701)	(31,140)
Contributions by the employer	-	(31,348)	(31,348)
Benefits paid on plan assets	(77,972)	77,972	-
Balance as of December 31, 2022	$ 470,859	($ 343,143)	$ 127,716

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	2022	2021
Cost of goods sold	$ 3,318	$ 3,925
Selling and marketing expenses	175	261
Administrative expenses	197	346
Research and development expense	95	125
	$ 3,785	$ 4,657

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

1) Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in equity securities, debt securities, and bank deposits in domestic (foreign) banks through independent implementation and commissioned operations. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate of a 2-year time deposit with local banks.

2) Interest risk: The decrease in the interest rate of government bonds will increase the present value of defined benefit obligations, but the compensation on debt investment of plan assets will also increase accordingly, which will partially offset the impact on net defined benefit liabilities.

3) Salary risk: The present value of defined benefit obligations is calculated with reference to the future salaries of plan participants. Therefore, the salary increase of plan members will increase the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is measured on the basis of certified actuaries, and major assumptions on the measurement date are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.125%	0.500%
Average long-term salary adjustment rate	2.750%	2.250%

In the event of a reasonably possible change in the material actuarial assumptions, the amount of the increase (decrease) in the present value of the defined benefit obligation would be as follows, provided that all the other assumptions remain constant:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 7,345)	($ 8,781)
Decrease by 0.25%	$ 7,543	$ 9,027
Average long-term salary adjustment rate		
Increase by 0.25%	$ 7,291	$ 8,718
Decrease by 0.25%	($ 7,138)	($ 8,526)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

The Company expects to allocate NT$25,800 thousand and NT$20,000 thousand to the defined benefit plans within one year as of December 31, 2022, and December 31, 2021, respectively. The weighted average duration of the Company's defined benefit obligations on 31 December 2022 and 2021 is 6.4 years and 6.6 years, respectively.

22. EQUITY

a. Ordinary shares

	December 31, 2022	December 31, 2021
Number of shares authorized (in thousands)	400,000	400,000
Shares authorized	$ 4,000,000	$ 4,000,000
Number of shares issued and fully paid (in thousands)	397,587	378,654
Shares issued	$ 3,975,868	$ 3,786,541

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

On May 27, 2022, the Company resolved to increase its capital by issuing 18,933 thousand shares which included the 2021 earning at the Annual Shareholders' Meeting. The aforementioned issuance was approved by the Securities and Futures Bureau of FSC on July 6, 2022, and entered into force, and August 5, 2022 was resolved by the Board of Directors as the ex-dividend day.

b. Capital surplus

The capital surplus which arises from the consideration received from issuance of shares (including consideration from that of ordinary shares) and donations may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Capital surplus arising from unpaid dividends due to overdue can offset a deficit only. Capital surplus from investments in subsidiaries and/or associates accounted for under the equity method may not be used for any purpose.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any unappropriated retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 24 (8).

According to the provisions of the Company's Articles, the Company in order to take R&D needs and diversification of operations into consideration, dividends shall not be less than 10% of the distributable earnings in the current year, of which the cash dividends shall not be less than 10% of the total dividends. However, if the distributable retained earnings per share of the current year are less than NT$0.1, the retained earnings are not to be distributed.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. When the Company has no deficit, the portion of the legal reserve exceeding 25% of the total paid-in capital may be appropriated in the form of cash, in addition to being transferred to share capital.

Items referred to under Rule No. 1090150022 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 approved in the annual shareholders' meetings on May 27, 2022 and July 26, 2021, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ 184,098	$ 191,925		
Cash dividends	757,308	688,462	$ 2.0	$ 2.0
Stock Dividends	189,327	344,231	0.5	1.0

The appropriation of earnings for 2021 had been proposed by the Company's Board of Directors on March 3, 2023, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 44,234	$ -
Cash dividends	198,793	0.5

The distribution of earnings for the year 2022 is still subject to resolution in the annual shareholders' meeting to be held on May 30, 2023.

d. Special reserve

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

	December 31, 2022	December 31, 2021
Special reserve	$ 308,061	$ 308,061

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were NT$279,270 thousand and NT$160,233 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of NT$308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of December 31, 2021, there was no change in the special reserve.

e. Other equity items

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

	2022	2021
Beginning Balance	($144,532)	($125,641)
Incurred this year		
Exchange differences on translation of foreign operations	40,992	(22,793)
Share in associates accounted for under the equity method	1,198	(657)
Related income tax	(8,199)	4,559
Ending Balance	($110,541)	($144,532)

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

2) Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Incomes

	2022	2021
Beginning Balance	$ 493,835	$ 321,627
Incurred this year		
Unrealized gains (losses)		
Equity instruments	(142,789)	135,234
Share in subsidiaries and/or associates accounted for under the equity method	(31,941)	36,974
Ending Balance	$ 319,105	$ 493,835

23. REVENUE

	2022	2021
Revenues from contracts with clients		
Proceeds of sale	$ 12,870,472	$ 15,726,081

Refer to Note 4 for description related to contracts with customers.

24. PROFIT BEFORE INCOME TAX

Net profit before income tax includes the following:

a. Interest income

	2022	2021
Cash and cash equivalents	$ 2,407	$ 221
Financial assets at fair value through profit or loss (Note 7)	1,215	1,098
Financial assets measured at amortized cost (Note 9)	44	17
Others	134	127
	$ 3,800	$ 1,463

b. Other income

	2022	2021
Rental income - operating lease (Notes 15, 29)	$ 34,666	$ 35,557
Dividend income		
Financial assets at fair value through profit or loss (Note 7)	3,463	3,967
Financial assets at fair value through other comprehensive profit and loss (Note 8)	33,242	15,110
Others	5,807	7,199
	$ 77,178	$ 61,833

c. Other gains and losses

	2022	2021
Loss and gain of financial assets at fair value through profit or loss (Note 7)	($ 5,183)	$ 3,753
Loss on financial assets measured at fair value through profit or loss (Note 7)	(13,364)	(2,499)
Net gain (loss) through foreign currency exchange	224,098	(29,425)
Loss (gain) on disposal and retirement of property, plant and equipment (Note 13)	3,333	(139)
Expenses from rental assets	(5,840)	(6,484)
Others	(898)	(1,489)
	$202,146	($ 36,283)

d. Gain or loss on foreign currency exchange

	2022	2021
Total gain on foreign currency exchange	$314,610	$ 99,318
Total loss on foreign currency exchange	(90,512)	(128,743)
Net profit (loss)	$224,098	($ 29,425)

e. Financial costs

	2022	2021
Interest on bank loans	$ 6,486	$ 4,785
Interest on lease liabilities (Note 29)	449	499
Less: Capitalized interest (included in construction in progress)	(100)	(121)
	$ 6,835	$ 5,163

Information about capitalized interest is as follows:

	2022	2021
Capitalized interest	$ 100	$ 121
Capitalization rate	0.85%~1.35%	0.80%~0.90%

f. Depreciation and amortization (Statement 18)

	2022	2021
Property, plant and equipment (Note 13)	$ 166,663	$ 163,000
Right-of-use assets (Note 14)	4,619	4,620
Intangible assets (Note 16)	1,815	1,752
Total	$ 173,097	$ 169,372
Depreciation expenses by function		
Cost of goods sold	$ 167,288	$ 163,087
Operating expenses	1,228	1,161
Other gains and losses	2,766	3,372
	$ 171,282	$ 167,620
Amortization expenses by function		
Cost of goods sold	$ 1,600	$ 1,600
Administrative expenses	215	152
	$ 1,815	$ 1,752

g. Employee benefits expense (Statement 18)

	2022	2021
Post-employment benefits (Note 21)		
Defined contribution plans	$ 13,286	$ 13,062
Defined benefit plans	3,785	4,657
	17,071	17,719
Insurance expenses	35,389	35,960
Other employee benefits	434,644	553,273
An analysis of employee benefits expense	$ 487,104	$ 606,952
by function		
Cost of goods sold	$ 408,896	$ 507,228
Operating expenses	78,208	99,724
	$ 487,104	$ 606,952

h. Employees’ compensation and remuneration of directors

According to Articles of Incorporation of the Company, the Company accrued employees’ compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively. However, the Company’s accumulated deficits should be offset in advance. When the employees of the Company’s subsidiaries meet specific requirements they are also entitled to receive compensation in shares or cash. These requirements are set by the Board of Directors. The employees’ compensation and remuneration of directors are resolved on March 3, 2023, and March 9, 2022, respectively, by the Board of Directors, were as follows:

	2022		2021	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	1%	$ 5,524	1%	$ 23,534
Remuneration of directors	-	$ -	-	$ -

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate and will be adjusted in the following year.

There is no difference between the actual amounts of employees’ compensation and remuneration of directors paid and the amounts recognized in the Financial Statements for the years ended December 31, 2021 and 2020.

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

25. INCOME TAX

a. Major components of income tax expense recognized in profit or loss were as follows

	2022	2021
Current income tax		
In respect of the current year	$105,184	$405,410
Income tax on unappropriated earnings	35,512	34,731
Adjustments from previous years	(3,379)	(3,644)
	137,317	436,497
Deferred income tax		
In respect of the current year	(2,531)	43,429
Adjustments from previous years	7	-
	(2,524)	43,429
Income tax expense recognized in profit or loss	$134,793	$479,926

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

	2022	2021
Profit before income tax	$ 546,871	$ 2,329,858
Income tax expenses calculated at the statutory rate	$ 109,374	$ 465,972
Fees that cannot be deducted from taxes	27	104
Tax-exempted income	(6,748)	(17,235)
Income tax on unappropriated earnings	35,512	34,731
Adjustments from previous years	(3,372)	(3,644)
Others	-	(2)
Income tax expense recognized in profit or loss	$ 134,793	$ 479,926

b. Income tax recognized in other comprehensive incomes

	2022	2021
Deferred income tax		
Incurred this year		
— Exchange differences on translating the financial statements of foreign operations	($ 8,199)	$ 4,559
— Remeasurement of defined benefit plans	(6,228)	2,177
Income tax recognized in other comprehensive incomes	($ 14,427)	$ 6,736

c. Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax liabilities		
Income tax payable	$142,379	$443,684

d. Deferred tax assets and liabilities

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

For the Year Ended December 31, 2022

	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive incomes	Ending Balance
Deferred income tax assets				
Temporary differences				
Allowance for inventory valuation	$ 981	$ 5,410	$ -	$ 6,391
Allowance for impaired receivables	6,973	1,384	-	8,357
Loss on supplies	851	(186)	-	665
Defined benefit plans	36,937	(5,513)	(6,228)	25,196
Payables for annual leave	3,906	(487)	-	3,419
Unrealized foreign exchange losses	6,742	(3,091)	-	3,651
Unrealized net gain on sale of goods	5,628	(4,216)	-	1,412
Others	705	1,112	-	1,817
	$ 62,723	($ 5,587)	($ 6,228)	$ 50,908

Deferred income tax liabilities	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive incomes	Ending Balance
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 4,496	$ -	$ 8,199	$ 12,695
Share of profit in foreign subsidiaries recognized using the equity method	59,729	(7,417)	-	52,312
Differences on depreciation between finance and tax	283	(50)	-	233
Reserve for land revaluation increment tax	143,860	-	-	143,860
Others	644	(644)	-	-
	$ 209,012	($ 8,111)	$ 8,199	$ 209,100

For the Year Ended December 31, 2021

Deferred income tax assets	Beginning Balance	Recognized in profit or loss	Recognized in other comprehensive incomes	Ending Balance
Temporary differences				
Allowance for inventory valuation	$ 775	$ 206	$ -	$ 981
Allowance for impaired receivables	7,695	(722)	-	6,973
Loss on supplies	881	(30)	-	851
Defined benefit plans	40,012	(5,252)	2,177	36,937
Payables for annual leave	4,024	(118)	-	3,906
Unrealized foreign exchange losses	7,070	(328)	-	6,742
Unrealized net gain on sale of goods	-	5,628	-	5,628
Others	682	23	-	705
	$ 61,139	($ 593)	$ 2,177	$ 62,723
Deferred income tax liabilities				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 9,055	$ -	($ 4,559)	$ 4,496
Share of profit in foreign subsidiaries recognized using the equity method	17,472	42,257	-	59,729
Differences on depreciation between finance and tax	348	(65)	-	283
Reserve for land revaluation increment tax	143,860	-	-	143,860
Others	-	644	-	644
	$ 170,735	$ 42,836	($ 4,559)	$ 209,012

e. Income tax assessment

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

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	2022	2021
Basic earnings per share	$ 1.04	$ 4.65
Diluted earnings per share	$ 1.04	$ 4.64

In calculating earnings per share, the impact of share dividend distribution has been adjusted retrospectively. The record date of new share issuance is set on August 5, 2022. Due to retrospective adjustments, the changes in basic and diluted earnings per share for the year 2021 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 4.89	$ 4.65
Diluted earnings per share	$ 4.88	$ 4.64

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net profit for the year

	2022	2021
Earnings used in the computation of basic and diluted earnings per share	$ 412,078	$ 1,849,932

Number of shares

Unit: Thousand shares

	2022	2021
Weighted average number of ordinary shares used for calculation of basic earnings per share	397,587	397,587
Effect of potentially dilutive ordinary shares:		
Employees' compensation	383	793
Weighted average number of ordinary shares used for calculation of diluted earnings per share	397,970	398,380

If the Company chooses to offer employee compensation or share profit in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential ordinary shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential ordinary shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year.

27. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy has remained unchanged from the previous year.

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

The senior management of the Company regularly reviews the Company ’s capital structure. The review includes the consideration of the cost of various types of capital and related risks.

The Company balances its overall capital structure by paying dividends, borrowing new debt or repaying old debt, based on the recommendations of the senior management.

28. FINANCIAL INSTRUMENTS

a. Information on fair value - financial instruments not measured at fair value

The Company’s management believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximates their fair value. Otherwise, the fair value cannot be measured appropriately.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments in equity instruments				
- Domestic listed shares	$ 22,540	$ -	$ -	$ 22,540
Mutual fund	333,210	-	-	333,210
Beneficiary securities	59,303	-	-	59,303
Total	$415,053	$ -	$ -	$415,053
Financial assets at fair value through other comprehensive incomes				
Investments in equity instruments				
- Domestic listed shares	$333,929	$ -	$ -	$333,929
- Foreign unlisted shares	-	-	7	7
Total	$333,929	$ -	$ 7	$333,936

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 1,037	$ -	$ 1,037
Investments in equity instruments				
- Domestic listed shares	73,438	-	-	73,438
Mutual fund	562,034	-	-	562,034
Beneficiary securities	59,466	-	-	59,466
Total	$694,938	$ 1,037	$ -	$695,975
Financial assets at fair value through other comprehensive incomes				
Investments in equity instruments				
- Domestic listed shares	$476,718	$ -	$ -	$476,718
- Foreign unlisted shares	-	-	7	7
Total	$476,718	$ -	$ 7	$476,725

In 2022 and 2021, there was no transfer between Level 1 and Level 2 fair value measurements.

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

Financial assets at fair value through other comprehensive incomes - equity instrument

	2022	2021
Balance at the beginning and end of the year	$ 7	$ 7

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

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

4) Valuation techniques and inputs of the fair value measurement at Level 3

To determine the fair value for Level 3 financial instruments, the Group's investment department conducts independent fair value verification using external resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. The fair value of the unlisted equity investment held by the Company domestically is evaluated by the asset-based approach, and its fair value is determined by referring to the latest net value of the investment company and its observable financial and operating conditions; the unobservable input value used on December 31, 2022, and 2021 is a liquidity discount of 15%.

c. Category of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measured at fair value through profit or loss - mandatorily measured at fair value through profit or loss	$ 415,053	$ 695,975
Financial assets measured at amortised cost (Note 1)	1,933,842	2,551,261
Financial assets at fair value through other comprehensive profit and loss- The investment of the equity instrument	333,936	476,725
Financial liabilities		
Measured at amortized cost (Note 2)	1,211,853	1,784,278

Notes 1: The balance includes financial assets at amortized cost, which includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties and excluding VAT refund receivables) and pledged deposits.

Notes 2: The balance includes financial liabilities at amortized cost, which includes short-term and long-term loans, short-term bills payable, accounts payable (including related parties) and other payables (including related parties and excluding payables for taxes).

d. Financial risk management objectives and policies

The Company's risk control and hedging strategy are influenced by its operational environment. The Company properly monitors and manages the risks related to business nature and according to the principle of risk diversification. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The main financial risks the Company is exposed to in the business activities are foreign exchange risk, interest rate risk, and other price risk.

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign exchange risk

The Company conducted foreign currency sales and purchases, which exposed the Company to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Company used foreign exchange forward contracts to eliminate foreign currency exposure and thus mitigate the impact of the risk. The use of forward foreign exchange contracts was governed by policies adopted by the Board of Directors of the Company. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis.

The Company did not enter into or trade foreign exchange forward contracts for speculative purposes.

For the monetary assets and liabilities of the Company denominated in non-functional currencies on the balance sheet date, please refer to Note 32. The derivatives exposing the Company to foreign currency risk are set out in Note 7.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. Assuming a 3% strengthening/weakening of the functional currency against U.S. dollars, the net income before tax for the years ended 2022 and 2021 would have decreased/increased by NT$36,340 thousand and NT$39,622 thousand, respectively.

In management's opinion, this sensitivity analysis is unrepresentative of the Company's inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

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

The carrying amount of financial assets and financial liabilities of the Company exposed to interest rate risk on the balance sheet date is as follows:

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
- Financial assets	$ 457,618	$ 322,331
- Financial liabilities	338,374	542,938
Cash flow interest rate risk		
- Financial assets	45,014	121,027
- Financial liabilities	150,000	150,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rate risk of cash flow for both financial assets and liabilities at the end of the reporting period. The fixed-rate financial assets and liabilities held by the Company are not included in the analysis as they are all measured at amortized cost. A 50 point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by NT$525 thousand and NT$145 thousand, respectively.

c) Other price risks

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

Sensitivity analysis

Sensitivity analysis is based on the price of equity securities at the balance sheet date. However, in the financial assets measured at fair value through profit or loss of the Company's investment, the price fluctuation risk of monetary market funds is very low, so it is not included in the analysis.

If the equity price increases/decreases by 5%, the net profit before tax for the years ended 2022 and 2021 would increase/decrease by NT$4,092 thousand and NT$6,645 thousand respectively due to the increase / decrease in the fair value of financial assets (excluding investment in money market funds) measured at fair value through profit or loss. Other comprehensive profit and loss before tax for the years ended 2022 and 2021 would increase/decrease by NT$16,697 thousand and NT$23,836 thousand respectively due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive profit or loss.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company’s maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets.
b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Company provided endorsement guarantees for the borrowings of subsidiaries. The guarantee amounts provided by the Company for endorsements were NT$537,012 thousand and NT$730,475 thousand, respectively, as of December 31, 2022 and 2021. However, according to the expectations on the balance sheet date, it is unlikely that the Company will pay the endorsement guarantees when the endorsee breaches the contract.

The balance of accounts receivable of specific clients of the Company as of December 31, 2022 and December 31, 2021, accounted for 20% and 22% of the total amount of all receivables, respectively, and the rest of the Company’s accounts receivable included numerous customers distributed over a variety of areas, and were not centered on a single customer or location. Furthermore, the Company mitigates credit concentration risk by obtaining letters of credit issued by financial institutions prior to shipment for the sales transactions to the aforementioned specific customers and continuously assesses the financial condition of its customers, and then the Company’s credit risk was limited. As at the end of the reporting period, the Company’s largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

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

a) Liquidity and interest rate risk table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods based on the probable earliest repayment dates. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

December 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Zero-interest-bearing liabilities		$ 761,853	$ -	$ -
Lease liabilities	1.10	5,013	20,052	15,039
Variable-rate instruments	1.32	151,545	-	-
Instruments with fixed interest rates	1.35	4,050	300,522	-
		$ 922,462	$ 320,574	$ 15,039

Additional information about the maturity analysis for lease liabilities is as follows:

	Less than 1 year	1-5 Years	5-10 Years
Lease liabilities	$ 5,013	$ 20,052	$ 15,039

December 31, 2021

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Zero-interest-bearing liabilities		$ 1,136,943	$ 2,743	$ -
Lease liabilities	1.10	5,013	20,052	20,052
Variable-rate instruments	0.52	150,000	-	-
Instruments with fixed interest rates	0.78	200,000	300,000	-
		$ 1,491,956	$ 322,795	$ 20,052

Additional information about the maturity analysis for lease liabilities is as follows:

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

b) Line of Credit

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

	December 31, 2022	December 31, 2021
Bank loan facilities		
Amount unused	$ 5,257,100	$ 4,397,994

29. RELATED PARTY TRANSACTIONS

The Company's ultimate parent company is USI Corporation, which held 36.79% of the ordinary shares of the Company as of December 31, 2022 and 2021.

Beside information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below:

a. Names and relations of related parties

Related Party	Relationship with the Company
USI Corporation ("USI")	Ultimate parent company
TAITA (BVI) Holding Co., Ltd. (TAITA (BVI))	Subsidiary
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Subsidiary
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)")	Subsidiary
China General Plastics Corporation	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation ("TVCM")	Associate
Global Green Technology Corporation	Associate
China General Terminal & Distribution Co. ("CGTD")	Associate
Asia Polymer Corporation ("APC")	Fellow subsidiary
USI Trading (SHANGHAI) Co., Ltd	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
USI Management Consulting Corp. ("UM")	Fellow subsidiary
USI Education Foundation ("USIF")	Substantial related parties

b. Sales

Related Party Category/Name	2022	2021
Ultimate parent company	$ 14,065	$ 4,576
Subsidiary	3,035	1,049,003
	$ 17,100	$ 1,053,579

The Company’s credit period of sales of goods to related parties was from 30 days to 90 days after delivering the products. The sales of goods between the Company and its related parties had no material differences from those of general sales transactions.

c. Purchase of goods

Related Party Category/Name	2022	2021
Associate	$ 2,279	$ 2,338
Fellow subsidiary	267	242
Ultimate parent company	-	679
	$ 2,546	$ 3,259

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

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

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary	$ -	$ 542

The outstanding receivables from related parties were unsecured. No impairment loss was recognized.

e. Payables to related parties (excluding loans from related parties)

Related Party Category/Name	December 31, 2022	December 31, 2021
Associate	$ 630	$ -
Fellow subsidiary	27	28
	$ 657	$ 28

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

f. Endorsements/guarantees

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary		
TTC (ZS)	$ 352,752	$ 564,395
TAITA (BVI)	184,260	166,080
	$ 537,012	$ 730,475

g. Other transactions with related parties

1) Rental income (classified as other income, see Notes 15 and 24)

Related Party Category/Name	2022	2021
Associate		
CGTD	$ 23,672	$ 23,379
TVCM	9,635	9,635
	33,307	33,014
Ultimate parent company	487	1,649
	$ 33,794	$ 34,663

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

Related Party Category/Name	2022	2021
Ultimate parent company		
USI	$ 5,245	$ 4,722
Fellow subsidiary		
APC	2,392	1,891
Associate	273	281
	$ 7,910	$ 6,894

Payment of rental expenditure of USI and APC mainly consists of renting part of its Taipei office and parking space, and the agreed rental on a monthly basis is based on the yearly actual rental area.

3) Lease agreements

Related Party Category/Name	December 31, 2022	December 31, 2021
Lease liabilities - current		
Fellow subsidiary		
APC	$ 4,614	$ 4,564
Lease liabilities - non-current		
Fellow subsidiary		
APC	$ 33,760	$ 38,374

Related Party Category/Name	2022	2021
Lease expense		
Fellow subsidiary		
APC	$ 5,013	$ 5,013
Interest expenses		
Fellow subsidiary		
APC	$ 449	$ 499

The Company leased land in Linyuan from APC. The rental was paid on a monthly basis.

4) Storage tank operating expenses (classified as operating costs)

Related Party Category/Name	2022	2021
Associate		
CGTD	$ 11,549	$ 18,784

The Company appointed CGTD to handle the storage tank operating procedures of styrene monomer and butadiene, such as transportation, storage and loading. The storage tank operating expenses were paid on a monthly basis.

5) Revenues from management services (accounted as other revenue)

Related Party Category/Name	2022	2021
Ultimate parent company		
USI	$ 3,213	$ 2,211

6) Management service expenses (classified as administrative expenses)

Related Party Category/Name	2022	2021
Fellow subsidiary		
UM	$ 70,290	$ 48,067

The management service expenses paid to the fellow subsidiary is mainly due to labor support, equipment and other related services to the Company, and is paid on time according to the actual expenses and costs incurred.

7) Donation expenses (classified as administrative expenses)

Related Party Category/Name	2022	2021
Substantial related parties		
USIF	$ 5,000	$ 4,000

8) Other expenses (accounted as cost of goods sold and administrative expenses)

Related Party Category/Name	2022	2021
Associate	$ 1,753	$ 1,627
Fellow subsidiary	1,621	-
	$ 3,374	$ 1,627

9) Payments for property, plant and equipment

Related Party Category/Name	2022	2021
Ultimate parent company	$ -	$ 390

10) Disposal of property, plant, and equipment (2021: None)

Related Party Category/Name	Disposal proceeds 2022	Gain (Los) on Disposal 2022
Ultimate parent company		
USI	$ 6,588	$ -

11) Commission expense

Related Party Category/Name	2022	2021
Fellow subsidiary	$ 77	$ 388

12) Other receivables

Related Party Category/Name	December 31, 2022	December 31, 2021
Subsidiary		
TTC (TJ)	$ 281,862	$ 256,014
Others	1,332	201
	283,194	256,215
Associate	1,258	2,450
Ultimate parent company	1,086	599
Fellow subsidiary	42	7
	$ 285,580	$ 259,271

Other receivables included raw material receivables, disbursement fee and management service receivables.

13) Other Payables

Related Party Category/Name	December 31, 2022	December 31, 2021
Associate	$ 3,458	$ 4,639
Fellow subsidiary	1,058	1,523
Ultimate parent company	578	633
	$ 5,094	$ 6,795

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

h. Remuneration of key management personnel

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

	2022	2021
Salaries and others	$ 23,751	$ 25,354
Retirement benefits	214	216
	$ 23,965	$ 25,570

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for fuel purchases and the tariffs of imported raw materials and goods (Note 9):

	December 31, 2022	December 31, 2021
Pledged time deposits		
— Classified as financial assets at amortized cost - current	$ 5,000	$ 3,000
— Classified as other non-current assets	16,734	16,619
	$ 21,734	$ 19,619

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the Company had the following significant contingent liabilities and unrecognized contractual commitments at the end of the reporting period:

a. As of December 31, 2022 and 2021, unused letters of credit amounted to approximately NT$60,000 thousand and NT$64,509 thousand, respectively.

b. Explanation for the gas explosion in Kaohsiung:

Regarding the gas explosion of the propylene pipeline of Lee Chang Yung Chemical Industry Corporation ("Lee Chang Yung Chemical") on the night of July 31, 2014 operated by the invested company by the equity method, China General Terminal & Distribution Corporation (“CGTD”), the criminal case of the gas explosion incident was dismissed by the Supreme Court on September 15, 2021 and all three employees of CGTD were acquitted.

On February 12, 2015, CGTD reached an agreement with the Kaohsiung City Government to provide pledging certificates of bank deposits of NT$228,904 thousand, including interest, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan ("CPC"). Taiwan Power Company applied to the court for sequestration of CGTD's property on August 27 and November 26, 2015 and CGTD has deposited cash of NT$99,207 thousand to the court to avoid sequestration. Taiwan Water Corporation also applied to the court for false seizure of CGTD's property on February 3 and March 2, 2017 respectively. As of February 23, 2022, the provisionally attached property was worth NT$11,393 thousand.

Regarding all victims of the gas explosion, CGTD, altogether with LCY Chemical Corp. and the Municipal Government of Kaohsiung City, signed a tripartite agreement on July 17, 2015, under which compensations for all the 32 victims' heirs and claimants (the "victims' families"), NT$12,000 thousand per victim, totally NT$384,000 thousand, were negotiated. The compensation was advanced by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims' families and signing the settlement agreement on behalf of the three parties. And as separately agreed by the parties on August 10, 2022, NT$157,347 thousand, accounting for 30% of the negligent liability decided in the first instance, shall be paid to LCY Chemical Corp., and the rest shall be done after the ruling of the civil action.

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

As of February 23, 2023, the victims and victims' families had written letters or filed civil procedures (and criminal procedures) against CGTD, LCY Chemical Corp. and CPC for compensation. To reduce the lawsuit costs, CGTD had reached a settlement on the original claim for NT$46,677 thousand, and the settlement amount was NT$4,519 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is NT$3,856,447 thousand. The first instance verdict of some of these civil cases (indemnity amount of NT$1,440,672 thousand) have been convicted since June 22, 2018 and most cases determined that the negligence liability ratio of Kaohsiun Municipal Government, Lee Chang Yung Chemical and CGTD was 4:3:3, and that CGTD, Lee Chang Yung Chemical and other defendants should pay compensation of about NT$401,979 thousand (of which NT$6,194 thousand was exempted from liability by the court). Currently CGTD has filed an appeal for the adjudicated but unsettled civil cases and proceeded with the second instance procedure successively. The rest of the cases are still under trial in the Court of First Instance (the amount of compensation requested is approximately NT$1,912,949 thousand). CGTD signed a claim agreement with an insurance company, according to the negligence liability ratio determined by the judgment of first instance, it is estimated the settlement amount of victims and seriously injured, the compensation amount of civil litigation cases (including the settled cases), and estimated amount to be borne by itself after deducting the upper limit of insurance claim was NT$136,375 thousand, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

32. INFORMATION ON FOREIGN CURRENCY-DENOMINATED ASSETS AND LIABILITIES OF SIGNIFICANT INFLUENCE

The following information is aggregated by the foreign currencies other than the functional currency of the Company and the exchange rates between foreign currencies and the functional currency are disclosed. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

December 31, 2022

	Foreign currencies	Exchange rate (NT$)	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 54,155	30.7100 (USD: NTD)	$ 1,663,100
HKD	301	3.9380 (HKD: NTD)	1,186
EUR	58	32.7200 (EUR: NTD)	1,893
Non-monetary items			
Subsidiaries accounted for under the equity method			
USD	102,389	30.7100 (USD: NTD)	3,144,353
Foreign currency liabilities			
Monetary items			
USD	14,711	30.7100 (USD: NTD)	451,777

December 31, 2021

	Foreign currencies	Exchange rate (NT$)	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 83,753	27.6800 (USD: NTD)	$ 2,318,279
HKD	1,345	3.5490 (HKD: NTD)	4,773
Non-monetary items			
Subsidiaries accounted for under the equity method			
USD	113,455	27.6800 (USD: NTD)	3,142,621
Derivative instruments			
USD	7,340	27.6800 (USD: NTD)	1,037
Foreign currency liabilities			
Monetary items			
USD	26,790	27.6800 (USD: NTD)	741,536

The unrealized and realized foreign exchange gains and losses were a gain of NT$224,098 thousand and a loss of $29,425 thousand for the years ended December 31, 2022 and 2021, respectively. Due to the numerous foreign currency transactions and functional currencies of each individual entity of the Company, foreign exchange gains and losses cannot be disclosed on the respective significant foreign currency.

33. SUPPLEMENTARY DISCLOSURES

a. Information about significant transactions:

1) Financing provided to others (None)
2) Endorsements/guarantees provided to others (Table 1)
3) Marketable securities held at the end of the period (excluding investments in subsidiaries and/or associates). (Table 2)
4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 3)
5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)
6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)
7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)
8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)
9) Trading in derivative instruments. (None)

b. Information about investees (Table 5)

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

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

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (None)
   c) The amount of property transactions and the amount of the resultant gains or losses. (None)
   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 1)
   e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)

d. Information on substantial shareholders (names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held). (Table 7)

TABLE 1

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsements/Guarantees on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period (Note 1)	Outstanding Endorsement/Guarantee at the End of the Period (Note 1)	Actual Amount Drawn	Amount of Endorsements/Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name of Company	Relationship										
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	100% voting shares directly owned by the Company	$ 7,206,214	$ 184,260 (USD 6,000 thousand)	$ 184,260 (USD 6,000 thousand)	$ -	$ -	2.56%	$ 10,809,321	Yes	No	No
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares directly owned by the Company's subsidiary	7,206,214	573,222 (RMB 130,000 thousand)	352,752 (RMB 80,000 thousand)	-	-	4.90%	10,809,321	Yes	No	Yes

Notes 1: The foreign currency amount is calculated based on the spot exchange rate as of December 31, 2022.

Notes 2: The maximum total endorsement/guarantee shall not exceed 150% of the equity attributable to owners of the Company. The endorsement/guarantee on behalf of other company shall not exceed 100% of the equity attributable to owners of the Company.

The maximum total endorsement/guarantee shall not exceed 200% of the equity attributable to owners of the Company and its subsidiaries. The endorsement/guarantee on behalf of other company shall not exceed 150% of the equity attributable to owners of the Company and its subsidiaries.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

SECURITIES HELD AT END OF PERIOD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Securities Holding Company	Type and Name of Marketable Securities	Relationship with Issuer of Securities	Financial Statement Account	Ending Balance				Note
				Number of shares/units	Carrying Amount	Percentage of Ownership (%)	Plan Assets	
Taita Chemical Co., Ltd.	Stock							
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive incomes - non-current	15,109,901	$ 333,929	1.27%	$ 333,929	Note 1
	Harbinger Venture Capital Corp.	—	〃	990	7	0.50%	7	Note 3
	UPC Technology Corporation	—	Financial assets at fair value through profit or loss - current	282,000	3,835	0.02%	3,835	Note 1
	China Steel Corporation	—	〃	350,000	10,430	-	10,430	Note 1
	Tung Ho Steel Enterprise Corp.	—	〃	91,500	4,822	0.01%	4,822	Note 1
	Quanta Computer Inc.	—	〃	86,000	3,453	0.03%	3,453	Note 1
	Mutual fund							
	Hua Nan Phoenix Money Market Fund	—	Financial assets at fair value through profit or loss - current	1,816,596	30,009	-	30,009	Note 2
	Yuanta De-Li Money Market Fund	—	〃	3,018,303	50,012	-	50,012	Note 2
	Yuanta De-Bao Money Market Fund	—	〃	7,634,736	93,156	-	93,156	Note 2
	Shin Kong Chi-Shin Money Market Fund	—	〃	1,272,872	20,004	-	20,004	Note 2
	Taishin Ta-Chong Money Market Fund	—	〃	3,465,868	50,016	-	50,016	Note 2
	Taishin 1699 Money Market Fund	—	〃	6,539,203	90,013	-	90,013	Note 2
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at fair value through profit or loss - current	3,280,000	59,303	-	59,303	Note 1
TAITA (BVI) Holding Co., Ltd.	Stock							
	Budworth Investment Ltd.	—	Financial assets at fair value through other comprehensive incomes - non-current	20,219	6 (USD - thousand)	2.22%	6 (USD - thousand)	Note 3
	Teratech Corporation	—	Financial assets at fair value through profit or loss - non-current	112,000	-	0.73%	-	Note 4
	Sohoware Inc. - preferred shares	—	〃	100,000	-	-	-	Note 4

Notes 1: The fair value is calculated based on the closing prices at TWSE on the last trading day of December 2022.

Notes 2: The fair value is calculated based on the net assets value of each fund on the last trading day of December 2022.

Notes 3: The Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value.

Notes 4: As of December 31, 2022, the Company evaluates the fair value of the equity instrument as $0.

TABLE 3

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Securities	Financial Statement Account	Counterparty	Relationship	Beginning of period (Note)		Acquisition		Disposal				Ending Balance (Note)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Selling Price	Carrying Cost	Gain (Los) on Disposal	Number of Shares	Amount
Taita Chemical Co., Ltd.	Mutual Funds													
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss - current	—	—	3,036,468	$ 50,000	19,888,241	$ 328,000	19,906,406	$ 328,362	$ 328,000	$ 362	3,018,303	$ 50,000
TAITA (BVI) Holding Co., Ltd.	Stock													
	Zhangzhou Taita Chemical Co., Ltd.	Investments accounted for under the equity method	—	—	-	-	-	1,378,445 (USD 48,580 thousand)	-	-	-	-	-	1,378,445 (USD 48,580 thousand)

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

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

Company Name	Counterparty	Relationship	Balance of Receivables from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taita Chemical Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsidiary	Other receivables $ 281,862 (USD 9,178 thousand) (Note 1)	-	$ 281,862	Continuous collection	$ -	$ -

Notes 1: The total amount of Taita Chemical Co., Ltd. from selling raw materials to Taita Chemical (Tianjin) Co., Ltd. was reclassified to other receivables owing to it was overdue for a normal crediting period.

Notes 2: There was no amount received in the subsequent period as of March 3, 2023.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

Name of Investor	Name of Investee	Location	Main Business Activities	Initial Investment Amount		End of Period			Profit (Loss) of Investee for the Period	Investment Profit (Loss) Recognized	Note (Note 1)
				Ending Balance for the Current Period	Ending Balance for the Previous Period	Number of Shares	Ratio	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 2,755,854 (USD 89,738 thousand)	$ 2,755,854 (USD 89,738 thousand)	89,738,000	100.00%	$ 3,144,353 (USD102,389 thousand)	($ 37,084) (Loss of USD 1,129 thousand)	($ 37,084) (Loss of USD 1,129 thousand)	Subsidiary
	China General Plastics Corporation	Taipei City	Manufacture and marketing of PVC plastic cloth	65,365	65,365	11,516,174	1.98%	187,231	(370,247)	(7,339)	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei City	Warehousing and transportation of petrochemical raw materials	41,082	41,082	23,892,871	33.33%	355,611	29,772	9,924	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei City	Manufacture and marketing of manganese-zinc and ferrite core	44,771	44,771	4,445,019	2.43%	33,466	16,348	398	Investments accounted for using the equity method
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	52,208 (USD 1,700 thousand)	52,208 (USD 1,700 thousand)	2,695,619	5.39%	67,401 (USD 2,195 thousand)	(5,961) (Loss of USD 195 thousand)	-	Investments accounted for using the equity method

Notes 1: The calculation of the investees was based on their audited financial statements for the same period.

Notes 2: Investments in mainland China are included in Table 6.

TABLE 6

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands Of New Taiwan Dollars, Unless Stated Otherwise)

Investee company in mainland China	Main Business Activities	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of Period	Amount of Investments Remitted or Repatriated for the Period		Accumulated Outward Remittance for Investment from Taiwan at the End of Period	Profit (Loss) of Investee for the Period (Note 6)	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 6)	Carrying Amount at End of Period (Note 6)	Accumulated Investment Income Repatriated at End of Period
					Remitted	Repatriated						
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Production and marketing of polystyrene derivatives	$ 1,420,338 (USD 46,250 thousand) (Note 1)	Investments through a holding company registered in a third region	$ 1,320,530 (USD 43,000 thousand)	$ -	$ -	$ 1,320,530 (USD 43,000 thousand)	($ 19,457) (Loss of USD 552 thousand)	100.00%	($ 19,457) (Loss of USD 552 thousand)	$ 1,826,664 (USD 59,481 thousand)	$
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)") (Note 7)	Production and marketing of polystyrene derivatives	839,919 (USD 27,350 thousand) (Note 2)	Investments through a holding company registered in a third region	798,460 (USD 26,000 thousand)	-	-	798,460 (USD 26,000 thousand)	(37,119) (Loss of USD 1,248 thousand)	100.00%	(37,119) (Loss of USD 1,248 thousand)	(152,697) (USD 4,972 thousand)	
Zhangzhou Taita Chemical Co., Ltd. ("TTC (ZZ)")	Production and marketing of polystyrene derivatives	1,491,879 (USD 48,580 thousand) (Note 3)	Investments through a holding company registered in a third region	-	-	-	-	12,104 (Gain USD 396 thousand)	100.00%	12,104 (Gain USD 396 thousand)	1,365,483 (USD 44,464 thousand)	
ACME Electronics (Kunshan) Co., Ltd. ("ACME (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	943,565 (USD 30,725 thousand)	Investments through ACME Electronics (Cayman) Corp. registered in a third region	41,582 (USD 1,354 thousand)	-	-	41,582 (USD 1,354 thousand)	(45,406) (Loss of USD 1,488 thousand)	5.39%	(2,449) (Loss of USD 80 thousand)	42,829 (USD 1,395 thousand)	

Accumulated Outward Remittance for Investment in Mainland China at the End of Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 2,160,572 (USD 70,354 thousand)	$ 3,863,850 (USD 125,817 thousand) (Note 4)	$ - (Note 5)

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

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

Notes 3: TTC (ZZ) was registered for the year 2021, and Taita (BVI) injected US$48,580 thousand into TTC (ZZ) on March 8, 2022.

Notes 4: The amount distributed from share dividends included US$3,250 thousand from TTC (ZS), US$1,350 thousand from TTC (TJ), US$802 thousand from ACME (KS) and Taita (BVI) injected US$50,000 thousand.

Notes 5: According to Letter No. 11120416710 dated June 8, 2022 issued by the Ministry of Economic Affairs, the upper limit on investment in mainland China pursuant to the “Principle of Investment or Technical Cooperation in Mainland China” is not applicable.

Notes 6: The calculation of the investees was based on their audited financial statements for the same period.

Notes 7: The Company’s management decided to suspend TTC (TJ)’s production from April 2019, please refer to Note 12 for details.

TABLE 7

TAITA CHEMICAL CO., LTD.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

DECEMBER 31, 2022

Name of Substantial Shareholders	Shareholding	
	Number of shares held (shares)	Percentage of Ownership
Union Polymer International Investment Corporation	146,263,260	36.79%

Note: The information of substantial shareholders in this attachment refers to the information calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the current quarter of which the total number of common stocks and special stocks of the Company held, amounting to more than 5%, by the shareholder has been delivered without physical registration (including treasury shares). The capital stock recorded in the consolidated financial statements of the Company and the actual number of shares delivered without physical registration may be different or discrepant due to different compilation and calculation basis.

§STATEMENT OF IMPORTANT ACCOUNTING ITEMS§

Statement 1

TAITA CHEMICAL CO., LTD.

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

Item	Summary		Amount
Petty cash			$ 371
Bank deposits			
Check Deposits			3,805
Demand deposits - NTD			18,139
Demand deposits - USD	USD	690,875.54 (Note)	21,217
Demand deposits - HKD	HKD	727.10 (Note)	3
Demand deposits - CNY	CNY	9,166.57 (Note)	40
Demand deposits - JPY	JPY	77,746.00 (Note)	18
Demand deposits - EUR	EUR	18,196.03 (Note)	595
Demand deposits - GBP	GBP	56.54 (Note)	2
			43,819
Cash equivalents			
Fixed term deposits - USD	USD8,400,000 (Note), interest rate at 4.06% ~ 4.18%, due in January 2020		257,964
Fixed term deposits - NTD	Interest rate at 1.18%, due in January 2020		30,000
Bonds sold under repurchase agreement	Interest rate at 1.05% ~ 1.35%, due in January 2020		145,825
			433,789
			$ 477,979

Note:

USD exchange rate at	USD1=NTD	30.7100	.
HKD exchange rate at	HKD1=NTD	3.9380	.
RMB exchange rate at	CNY1=NTD	4.4094	.
JPY exchange rate at	JPY1=NTD	0.2324	.
EUR exchange rate at	EUR1=NTD	32.7200	.
GBP exchange rate at	GBP1=NTD	37.0900	.

TAITA CHEMICAL CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

DECEMBER 31, 2022

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

	Shares (in Thousands)	Acquisition cost	Unit price (NT$)	Total	Note
Financial Assets at Fair Value through Profit or Loss - Non-derivative Financial Instruments					
Domestic listed shares					
UPC Technology Corporation	282	$ 6,665	13.6000	$ 3,835	
China Steel Corporation	350	13,567	29.8000	10,430	
Tung Ho Steel Enterprise Corp.	92	6,572	52.7000	4,822	
Quanta Computer Inc.	86	3,838	40.1500	3,453	
		30,642		22,540	
Mutual fund					
Hua Nan Phoenix Money Market Fund	1,817	30,000	16.5195	30,009	
Yuanta De-Li Money Market Fund	3,018	50,000	16.5694	50,012	
Yuanta De-Bao Money Market Fund	7,635	93,000	12.2016	93,156	
Shin Kong Chi-Shin Money-Market Fund	1,273	20,000	15.7155	20,004	
Taishin Ta-Chong Money Market Fund	3,466	50,000	14.4311	50,016	
Taishin 1699 Money Market Fund	6,539	90,000	13.7652	90,013	
		333,000		333,210	
Beneficiary securities					
Cathay No. 1 Real Estate Investment Trust Fund	3,280	33,464	18.0800	59,303	
		397,106		$ 415,053	
Adjustments on valuation		17,947			
		$ 415,053			

TAITA CHEMICAL CO., LTD.

STATEMENT OF ACCOUNT AND NOTES RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name of Customer	Summary	Amount
Notes receivable		
Non-related party		
ANTING ENTERPRISE CO., LTD.	Loans	$ 3,637
CHINGKANG INDUSTRIAL CO., LTD.	Loans	3,599
ASLI MECHANICAL CO., LTD.	Loans	2,985
KUANG LI SHYNG CO., LTD.	Loans	2,535
YEONG SHENG FENG INDUSTRIAL CO., LTD.	Loans	2,305
Others (Note)	Loans	30,010
		45,071
Accounts receivable		
Non-related party		
SNETOR OVERSEAS	Loans	230,854
Others (Note)	Loans	918,853
Loss allowances	Loans	(53,732)
		1,095,975
		$ 1,141,046

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

Statement 4

TAITA CHEMICAL CO., LTD.

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

Item	Amount	
	Cost	Market price (Note 2)
Finished goods	$ 375,076	$ 373,208
Work in process	140,057	136,514
Raw materials	225,273	218,956
Production supplies	25,139	24,883
	765,545	$ 753,561
Allowance for inventory valuation (Notes 1, 2)	(31,956)	
Net amount	$ 733,589	

Notes 1: The allowance for inventory valuation is provided for the inventory impairment loss arising from obsolete items and normals carried at costs higher than the market price.

Notes 2: Market value is calculated using net realizable value.

Notes 3: The insured amount of inventories was NT$999,933 thousand.

Statement 5

TAITA CHEMICAL CO., LTD.

STATEMENT OF PREPAYMENTS AND OTHER CURRENT ASSETS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Supplies	$ 57,645
Prepayments for goods	14,860
Prepayments for insurance	6,049
Others (Note)	2,229
	$ 80,783

Note: The balance of each item does not exceed 5% of the balance of this account.

TAITA CHEMICAL CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOMES - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Beginning Balance		Increased this year		Reduced this year		Ending Balance			
Name of the Financial Product	Shares (in Thousands)	Plan Assets	Shares (in Thousands)	Amount	Shares (in Thousands)	Amount	Shares (in Thousands)	Plan Assets	Guarantee or Pledge	Note
USI Corporation	15,110	$ 476,718	-	$ -	-	$ 142,789	15,110	$ 333,929	None	Note
Harbinger Venture Capital Corp.	1	7	-	-	-	-	1	7	None	—
Total		$ 476,725		$ -		$ 142,789		$ 333,936		

Note: The reduction in the amount, NT$142,789 thousand, during the year was due to changes in adjusting the fair value.

TAITA CHEMICAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Beginning Balance		Increased this year		Reduced this year		Ending Balance			Market Value/Net Equity Value		Guarantee or Pledge	Note
Investee Company	Shares (in Thousands)	Amount	Shares (in Thousands)	Amount	Shares (in Thousands)	Amount	Shares (in Thousands)	Shareholding (%)	Amount	Unit Price	Total Amount		
TAITA (BVI) Holding Co., Ltd.	89,738	$3,309,667	-	$ 5	-	$ 39,265	89,738	100.00	$3,270,407	35.04	$3,144,353	None	Notes 1, 2
China General Plastics Corporation	11,516	222,285	-	2,375	-	37,055	11,516	1.98	187,605	26.40	304,027	None	Notes 1, 3, 7
China General Terminal & Distribution Corporation	22,010	373,731	1,883	12,895	-	31,015	23,893	33.33	355,611	14.88	355,611	None	Notes 1, 4
Acme Electronics Corporation	4,445	36,599	-	505	-	-	4,445	2.43	37,104	23.95	106,458	None	Notes 1, 5, 8
Subtotal		3,942,282		15,780		107,335	-		3,850,727		$3,910,449		
Adjustments from allowance		(172,256)		42,190		-			(130,066)				Notes 1, 6
Net amount		$3,770,026		$ 57,970		$ 107,335			$3,720,661				

Notes 1: The calculation of the investment income and net equity of the investees was based on their audited financial statements for the year ended December 31, 2022.

Notes 2: The increase for the year is recognized as capital reserve of NT$5,000 based on the shareholding ratio; the decrease for the year was due to the recognition of investment loss of NT$37,084 thousand and realized sales loss of NT$2,181 thousand by the investee.

Notes 3: The increase in the current year is due to the overdue cash dividend adjustment of the capital reserve of the investee of NT$51 thousand and the recognition of a change in the remeasurement of the investee's defined benefit plan of NT$8 thousand; the decrease is due to the recognition of investment loss of NT$7,339 thousand, cash dividend of NT$1.80 per share of NT$28,790 thousand and the adjustment of NT$926 thousand to the valuation of financial assets at fair value through other comprehensive incomes.

Notes 4: The increase in the number of shares in the current year is due to the distribution of stock dividends of 1,883 thousand shares; the increase in investment gain was due to the recognition of investment income of NT$9,924 thousand and the change of 2,971 thousand and the recognition of a change in the remeasurement of the investee's defined benefit plan of NT$2,971 thousand; the decrease for the year is the adjustment of NT$31,015 thousand to the valuation of financial assets at fair value through other comprehensive incomes.

Notes 5: The increase was due to the recognition of investment income of NT$398 thousand, the adjustment of capital surplus of NT$51 thousand from changes in employee stock options of the investee, and the recognition of a change in the remeasurement of the investee's defined benefit plan of NT$56 thousand.

Notes 6: The increase represents the difference after the translation of the foreign currency from the Financial Statements of the investee company.

Notes 7: The market value is calculated based on the closing prices at TWSE on the last trading day of December 2022.

Notes 8: The market value is calculated based on the closing prices at TPEX on the last trading day of December 2022.

TAITA CHEMICAL CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Beginning Balance	Increased this year	Reduced this year	Ending Balance	Note
Cost					
Land	$ 55,433	$ -	$ -	$ 55,433	
Accumulated depreciation					
Land	13,859	$ 4,619	$ -	18,478	
	$ 41,574			$ 36,955	

Statement 9

TAITA CHEMICAL CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Type of Loans	Interest rate (%)	Ending Balance	Contract Period	Line of Credit	Pledge or Guarantee
Unsecured borrowings					
Export-Import Bank of the Republic of China	1.32%	$ 150,000	2022.10.14-2023.10.13	$ 150,000	None

TAITA CHEMICAL CO., LTD.

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

Name of Supplier	Amount
Non-related party	
Formosa Chemicals and Fibre Corporation	$ 265,421
Taiwan Styrene Monomer Corporation	155,583
Formosa Plastics Corporation	31,260
Others (Note)	135,629
	587,893
Related parties	
China General Plastics Corporation	630
Swanson Plastics Corporation	27
	657
	$ 588,550

Note: The balance of each supplier does not exceed 5% of the balance of this account.

TAITA CHEMICAL CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Type of Loans	Interest rate (%)	Ending Balance	Contract Period	Line of Credit	Pledge or Guarantee
Unsecured borrowings					
Yuanta Commercial Bank	1.35%	$ 300,000	110.02.18-113.02.17	$ 300,000	None

Statement 12

TAITA CHEMICAL CO., LTD.

STATEMENT OF PROCEEDS OF SALE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Quantity (Ton)	Amount
ABS	91,940	$ 4,719,362
GPS	92,764	4,431,005
EPS	60,231	3,178,774
Glass wool products	12,076	521,864
Cubic printing products (Note)	14,044	13,963
IPS	110	5,504
		$ 12,870,472

Note: The unit of the sales of cubic printing products is JIG.

TAITA CHEMICAL CO., LTD.

STATEMENT OF COST OF GOODS SOLD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Raw materials at the beginning	$ 374,318
Purchase of materials	9,511,598
Sale of materials	(15,020)
Transfer expenses	(18,987)
Raw materials at the end	(225,273)
	9,626,636
Director labor	155,541
Manufacturing expense (Statement 14)	1,120,200
Manufacturing costs	10,902,377
Work in process at the beginning	105,413
Work in process at the end	(140,057)
Cost of finished goods	10,867,733
Finished goods at the beginning	447,763
Cost of finished goods from purchases	141,245
Adjustment of other costs	(414)
Finished products at the end of the year	(375,076)
	11,081,251
Sale of raw materials	15,246
Adjustment from inventories valuation	27,051
	$ 11,123,548

Statement 14

TAITA CHEMICAL CO., LTD.

STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Fuel expenses	$ 326,830
Indirect material	219,549
Salary and incentives	211,096
Depreciation expenses	167,288
Others (Note)	195,437
	$ 1,120,200

Note: The balance of each item does not exceed 5% of the balance of this account.

Statement 15

TAITA CHEMICAL CO., LTD.

STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Freight and export expenses	$ 1,199,269
Others (Note)	96,715
	$ 1,295,984

Note: The balance of each item does not exceed 5% of the balance of this account.

Statement 16

TAITA CHEMICAL CO., LTD.

STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Professional service expenses	$ 74,499
Salary and incentives	26,770
Others (Note)	27,496
	$ 128,765

Note: The balance of each item does not exceed 5% of the balance of this account.

Statement 17

TAITA CHEMICAL CO., LTD.

STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name	Amount
Salary and incentives	$ 10,922
R&D and testing expenses	1,203
Insurance expenses	1,148
Others (Note)	2,039
	$ 15,312

Note: The balance of each item does not exceed 5% of the balance of this account.

TAITA CHEMICAL CO., LTD.

STATEMENT OF EMPLOYEE BENEFITS AND DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2022				For the Year Ended December 31, 2021			
	Cost of goods sold	Operating expenses	Other gains and losses	Total	Cost of goods sold	Operating expenses	Other gains and losses	Total
Employee benefits expense								
Salaries	$ 342,556	$ 59,760	$ -	$ 402,316	$ 437,893	$ 80,238	$ -	$ 518,131
Labor and health insurance	30,479	4,910	-	35,389	30,333	5,627	-	35,960
Pensions	14,484	2,587	-	17,071	14,459	3,260	-	17,719
Remuneration Paid to Directors	-	8,200	-	8,200	-	6,556	-	6,556
Other employee benefits	21,377	2,751	-	24,128	24,543	4,043	-	28,586
	$ 408,896	$ 78,208	$ -	$ 487,104	$ 507,228	$ 99,724	$ -	$ 606,952
Depreciation expenses	$ 167,288	$ 1,228	$ 2,766	$ 171,282	$ 163,087	$ 1,161	$ 3,372	$ 167,620
Amortization expenses	$ 1,600	$ 215	$ -	$ 1,815	$ 1,600	$ 152	$ -	$ 1,752

Note:

1. The number of employees in 2022 and 2021 is 378 and 390, respectively, of which the number of directors who are not also employees is 7, which is calculated on the same basis as employee benefit expenses.
2. The average employee benefit expenses of the Company for the years ended December 31, 2022 and 2021 were NT$1,291 thousand and NT$1,568 thousand respectively ("the amount of employee benefit expenses - director's total remuneration/number of employees - number of directors who is not an employee"); The average salary expenses of the Company for the years ended December 31, 2022 and 2021 were NT$1,084 thousand and NT$1,353 thousand, respectively (the total salary expenses/ number of employees - number of directors who is not an employee).
3. Change in average employee salary expense is 19.88% ((Average employee salary expense of the current year - Average employee salary expense of the previous year) / Average employee salary expense of the previous year).
4. The Company has established the Audit Committee. Therefore, there was no compensation to the supervisor for the years ended December 31, 2022 and 2021.
5. The Company's remuneration policy:
   1) Directors and managerial officers:
      (1) The remuneration of directors and managerial officers shall be given with reference to the prevailing standards of the same industry and in consideration of the reasonableness of the correlation between the company's business performance and future risks.
      (2) There shall be no incentive for the directors or managerial officers to pursue remuneration by engaging in activities that exceed the tolerable risk level of the Company.
      (3) The percentage of employee compensation for short-term performance and the timing of payment of some variable salary and compensation shall be determined by considering the characteristics of the industry and the nature of the Company's business.
   2) Employees:
      The remuneration policy for employees is formulated with reference to government regulations, market conditions and dynamics of remuneration in the industry, changes in the overall economy and industry environment and the Company's organizational structure. The payment standards are determined under the Company's "Regulations on Salary Management", "Regulations on Employee Performance Evaluation" and "Regulations for the Distribution of Bonus for Supervisors". In addition, the Company has established the "Regulations on Year-end Bonus" to provide year-end bonuses (including employee compensation) depending on the company's profitability and employee performance.

Explanation:

1. The information on the number of employees stated in the notes to this statement should be calculated on the same basis as employee benefit expenses and employee salary expenses, and should be calculated using the average number of employees.
2. In accordance with IAS 19, employees may provide services on a full-time, part-time, permanent, indefinite or temporary basis, including directors and other management personnel. Therefore, the term "employees" in this statement includes directors, managerial officers, employees and contract employees, but does not include supervisors, dispatched manpower, labor contractors or personnel from outsourced companies.
3. The term "remuneration of directors" refers to the remuneration, retirement benefits, directors' compensation and business execution expenses received by all directors, but does not include salaries, health insurance, pensions and other benefits received from serving as a part-time employee.
4. The term "compensation to the supervisor" refers to the remuneration, fees and operational expenses received by the supervisor.