Taita Chemical Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report
Q1, 2023 and 2022

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INDEPENDENT AUDITORS' REVIEW REPORT

To The Board of Directors and Shareholders Taita Chemical Co., Ltd.

Foreword

We have reviewed the accompanying consolidated financial statements of Taita Chemical Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of March 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). It is the responsibility of the management to prepare fair presentation consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, 34 "Interim Financial Reporting" endorsed and issued by the Financial Supervisory Commission. The responsibility of the CPAs is to draw conclusions on the consolidated financial statements based on the results of their review.

Scope

Except as stated in the basic paragraph of the reserved conclusion, the CPAs performed the review work under the review standard No. 2410 "Reviews of Financial Statements". The procedures performed in reviewing the consolidated financial statements include inquiries (primarily with those responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the review work is obviously smaller than that of the audit work, so the CPAs may not be able to detect all the major matters that can be identified through the audit work, and therefore cannot express an audit opinion.

Basis for Unqualified Conclusions

As stated in Note 13 to the consolidated financial report, among the investee companies included in the consolidated financial report above, the financial reports for the same period of some long-term equity investments evaluated using the equity method have not been reviewed by

CPAs. For the three months ended March 31, 2023 and 2022, the above long-term equity investment balances assessed using the equity method were NT$353,653 thousand and NT$378,341 thousand respectively, both accounting for 4% of the total consolidated assets; For the three months ended March 31, 2023 and 2022, the relevant total comprehensive income were NT$(1,958) thousand and NT$4,610 thousand, respectively accounting for (30)% and 1% of the total consolidated comprehensive income; in addition, the relevant information of the reinvested enterprises mentioned above stated in the matters disclosed in the consolidated financial report notes is calculated and disclosed based on the financial reports of the investee companies that have not been reviewed by CPAs for the same period.

Retaining Conclusions

According to CPAs review results, except that the financial statements of non-material subsidiaries stated in the basis for the unqualified conclusion and relevant information may result in adjustments to the consolidated financial statements if reviewed by CPAs, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Taita Chemical Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023, and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC.

Deloitte & Touche

CPA Cheng-Chun Chiu	CPA Hsiu-Chun Huang
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

May 3, 2023

Notice to Readers:

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

TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2023 AND DECEMBER 31, 2022, ANDMARCH 31

(In Thousands of New Taiwan Dollars)

Code	ASSETS	March 31, 2023 (Reviewed) Amount	%	December 31, 2022 (Audited) Amount	%	March 31, 2023 (Reviewed) Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	$ 2,519,204	27	$ 2,662,088	29	$ 2,582,212	25
1110	Financial assets at fair value through profit or loss - current (Note 7)	176,361	2	415,053	4	578,811	6
1136	Financial assets at amortized cost - current (Notes 9 and 31)	3,000	-	5,000	-	3,000	-
1150	Notes receivable (Note 10)	177,841	2	157,026	2	301,636	3
1170	Accounts receivable (Note 10)	1,460,654	16	1,485,302	16	1,908,880	18
1180	Accounts receivable from related parties (Notes 10 and 30)	-	-	-	-	956	-
1200	Other receivables (Note 10)	134,963	2	87,821	1	117,074	1
1210	Other receivables from related parties (Notes 10 and 30)	2,483	-	3,158	-	2,445	-
1220	Current tax liabilities (Note 4)	9,669	-	9,538	-	2,488	-
130X	Inventories (Note 11)	1,315,885	14	951,018	10	1,229,797	12
1410	Prepayments and other current assets	133,173	1	230,953	3	192,022	2
11XX	Total current assets	5,933,233	64	6,006,957	65	6,919,321	67
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8)	400,425	4	333,942	3	454,821	4
1550	Investments accounted for using the equity method (Note 13)	656,290	7	643,709	7	711,911	7
1600	Property, plant and equipment (Notes 14, 18, 30 and 31)	1,939,465	21	1,960,833	21	1,994,933	19
1755	Right-of-use assets (Notes 15, 18, 30 and 31)	66,743	1	68,046	1	73,136	1
1760	Investment properties (Note 16)	108,178	1	108,178	1	108,178	1
1780	Intangible assets (Note 17)	1,825	-	2,279	-	3,640	-
1840	Deferred tax assets (Note 4)	80,461	1	59,573	1	57,931	1
1990	Other non-current assets (Note 31)	65,033	1	57,359	1	23,383	-
15XX	Total non-current assets	3,318,420	36	3,233,919	35	3,427,933	33
1XXX	TOTAL	$ 9,251,653	100	$ 9,240,876	100	$ 10,347,254	100
Code	**LIABILITIES AND EQUITY**						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Notes 14, 15, 18 and 31)	$ 150,000	2	$ 150,000	2	$ 150,000	2
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	2,422	-
2170	Accounts payable (Note 19)	958,167	10	645,769	7	931,978	9
2180	Accounts payable from related parties (Notes 19 and 30)	27	-	657	-	83	-
2200	Other payables (Note 20)	219,174	2	297,925	3	278,296	3
2220	Other payables from related parties (Note 30)	4,947	-	5,094	-	4,352	-
2230	Current tax liabilities (Note 4)	143,957	2	144,807	2	490,967	5
2280	Lease liabilities - current (Notes 15 and 30)	4,627	-	4,614	-	4,576	-
2365	Refund liabilities - current (Note 21)	1,294	-	1,102	-	1,070	-
2399	Other current liabilities	84,055	1	107,994	1	43,908	-
21XX	Total current liabilities	1,566,248	17	1,357,962	15	1,907,652	19
	NON-CURRENT LIABILITIES						
2540	Long-term borrowings (Note 18)	100,000	1	300,000	3	-	-
2570	Deferred tax liabilities (Note 4)	212,193	2	209,100	2	237,098	2
2580	Lease liabilities - non-current (Notes 15 and 30)	32,598	1	33,760	-	37,225	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 22)	120,153	1	127,716	2	170,113	2
2670	Other non-current liabilities	5,721	-	6,124	-	6,218	-
25XX	Total non-current liabilities	470,665	5	676,700	7	450,654	4
2XXX	Total liabilities	2,036,913	22	2,034,662	22	2,358,306	23
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 13 and 23)						
	Share capital						
3110	Common stock	3,975,868	43	3,975,868	43	3,786,541	37
3200	Capital surplus	3,026	-	1,099	-	992	-
	Retained earnings						
3310	Legal reserve	457,804	5	457,804	5	273,706	2
3320	Special reserve	308,061	3	308,061	3	308,061	3
3350	Unappropriated earnings	2,183,113	24	2,254,818	25	3,202,100	31
3300	Total retained earnings	2,948,978	32	3,020,683	33	3,783,867	36
3400	Other equity	286,868	3	208,564	2	417,548	4
3XXX	Total equity	7,214,740	78	7,206,214	78	7,988,948	77
	TOTAL	$ 9,251,653	100	$ 9,240,876	100	$ 10,347,254	100

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Audit Report by Deloitte & Touche on May 3, 2023)

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TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Has been reviewed only, and has not been audited by the auditing standards)
In Thousands of New Taiwan Dollars, Except Earnings (Loses) Per Share

		FOR THE THREE MONTHS ENDED MARCH 31, 2023		FOR THE THREE MONTHS ENDED MARCH 31, 2022	
Code		Amount	%	Amount	%
4100	NET REVENUE (Notes 21, 24 and 30)	$ 3,575,071	100	$ 4,535,929	100
5110	COST OF GOODS SOLD (Notes 11, 22, 25 and 30)	3,475,106	97	3,925,844	86
5900	GROSS PROFIT	99,965	3	610,085	14
	OPERATING EXPENSES (Notes 10, 22, 25 and 30)				
6100	Selling and marketing expenses	162,229	5	335,699	8
6200	General and administrative expenses	47,252	1	55,107	1
6300	Research and development expenses	3,733	-	3,885	-
6450	Gain on reversal of expected credit loss	(385)	-	(6)	-
6000	Total operating expenses	212,829	6	394,685	9
6900	Profit (Loss) from operations	(112,864)	(3)	215,400	5
	Non-operating income and expenses (Notes 7, 13, 16, 25 and 30)				
7100	Interest income	11,390	-	8,232	-
7190	Other income	19,956	-	14,782	-
7020	Other gains and losses	(6,885)	-	70,131	2
7060	Share of profit of associates	(312)	-	12,796	-
7510	Finance costs	(2,909)	-	(800)	-
7000	Total non-operating income and expenses	21,240	-	105,141	2
7900	Profit (Loss) before income tax	(91,624)	(3)	320,541	7
7950	Income tax expense (benefit) (Notes 4 and 26)	(19,919)	(1)	61,651	1
8200	Net profit (or net loss) for the period	(71,705)	(2)	258,890	6

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Code		FOR THE THREE MONTHS ENDED MARCH 31, 2023 Amount	%	FOR THE THREE MONTHS ENDED MARCH 31, 2022 Amount	%
	Other comprehensive income(loss) (Notes 8, 13, 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	66,483	2	(21,910)	(1)
8320	Share of the other comprehensive income (loss) of associates accounted for using the equity method - unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	117	-	1,486	-
		66,600	2	(20,424)	(1)
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	14,699	-	106,635	2
8371	Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(82)	-	3,819	-
8399	Income tax related to components that may be reclassified to profit or loss	(2,913)	-	(21,785)	-
		11,704	-	88,669	2
8300	Other comprehensive (loss) for the period (net of income tax)	78,304	2	68,245	1
8500	Total comprehensive income for the period	$ 6,599	-	$ 327,135	7
	Earnings (Losses) per share (Note 27)				
9710	Basic	($ 0.18)		$ 0.65	
9810	Diluted	($ 0.18)		$ 0.65	

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TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Has been reviewed only, and has not been audited by the auditing standards)
(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the company (Notes 13 and 23)												
											Other equity			
		Share capital		Capital surplus			Retained earnings							
Code		Shares (In Thousands)	Amount	Long-tern equity investment	Other capital surplus	Total	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Total equity
A1	Balance at January 1, 2022	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
D1	Net profit for the three months ended March 31, 2022	-	-	-	-	-	-	-	258,890	258,890	-	-	-	258,890
D3	Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	-	-	-	88,669	(20,424)	68,245	68,245
D5	Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	-	-	258,890	258,890	88,669	(20,424)	68,245	327,135
Z1	Balance at March 31, 2022	378,654	$ 3,786,541	$ 553	$ 439	$ 992	$ 273,706	$ 308,061	$ 3,202,100	$ 3,783,867	($ 55,863)	$ 473,411	$ 417,548	$ 7,988,948
A1	Balance at January 1, 2023	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
T1	Changes in capital surplus	-	-	1,927	-	1,927	-	-	-	-	-	-	-	1,927
D1	Net loss for the three months ended March 31, 2023	-	-	-	-	-	-	-	(71,705)	(71,705)	-	-	-	(71,705)
D3	Other comprehensive income (loss) for the three months ended March 31, 2023, net of income tax	-	-	-	-	-	-	-	-	-	11,704	66,600	78,304	78,304
D5	Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	-	(71,705)	(71,705)	11,704	66,600	78,304	6,599
Z1	Balance at March 31, 2023	397,587	$ 3,975,868	$ 2,587	$ 439	$ 3,026	$ 457,804	$ 308,061	$ 2,183,113	$ 2,948,978	($ 98,837)	$ 385,705	$ 286,868	$ 7,214,740

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

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TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Has been reviewed only, and has not been audited by the auditing standards)
(In Thousands of New Taiwan Dollars)

Code		FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit (Loss) before income tax for the period	($ 91,624)	$ 320,541
A20010	Adjustments for:		
A20100	Depreciation expenses	52,448	51,778
A20200	Amortization expenses	454	454
A20300	Gain on reversal of expected credit loss	(385)	(6)
A20400	Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	(1,125)	2,439
A20900	Finance costs	2,909	800
A21200	Interest income	(11,390)	(8,232)
A21300	Dividend income	-	(1,772)
A22300	Share of profit of associates	312	(12,796)
A22500	Loss on disposal of property, plant and equipment	12	380
A23800	(Reversal of) write-down of inventory valuation and obsolescence	(12,333)	1,716
A29900	Recognition of refund liabilities	1,916	1,896
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	239,817	117,147
A31130	Notes receivable	(20,345)	(37,082)
A31150	Accounts receivable	25,108	319,290
A31160	Accounts receivable from related parties	-	(956)
A31180	Other receivables	(41,125)	(17,677)
A31190	Other receivables from related parties	680	1,106
A31200	Inventories	(333,652)	30,814
A31230	Prepayments and other current assets	97,801	(32,103)
A32150	Accounts payable	312,094	(100,001)
A32160	Accounts payable from related parties	(630)	55
A32180	Other payables	(64,154)	(158,017)

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Code		FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
A32190	Other payables from related parties	(147)	(2,443)
A32230	Other current liabilities	(42,127)	(21,260)
A32240	Net defined benefit liabilities	(7,563)	(16,306)
A33000	Cash generated from operations	106,951	439,765
A33100	Interest received	5,457	23,762
A33300	Interest paid	(2,975)	(893)
A33500	Income tax paid	(1,693)	(16,213)
AAAA	NET CASH FLOWS FROM OPERATING ACTIVITIES	107,740	446,421
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00050	Proceeds from disposal of available-for-sale financial assets	2,000	822
B01800	Acquisition of associate	(10,931)	-
B02700	Payments for property, plant and equipment	(42,738)	(27,584)
B02800	Proceeds from disposal of property, plant and equipment	-	6,588
B03800	Increase (Decrease) in refundable deposits	(7,526)	1,471
BBBB	Net cash used in investing activities	(59,195)	(18,703)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Decrease in short-term borrowings	-	(200,000)
C01600	Proceeds from long-term borrowings	-	200,000
C01700	Repayments of long-term borrowings	(200,000)	(500,000)
C03000	Increase in refundable deposits received	-	180
C03100	Decrease in refundable deposits received	(422)	-
C04020	Repayments of the principal portion of lease liabilities	(1,149)	(1,137)
C04500	Cash dividends	(61)	(2)
CCCC	Cash used in financing activities	(201,632)	(500,959)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	10,203	57,170
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	(142,884)	(16,071)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,662,088	2,598,283
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 2,519,204	$ 2,582,212

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TAITA CHEMICAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Has been reviewed only, and has not been audited by the auditing standards)
(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 has been listed on the Taiwan Stock Exchange since 1986. The Company’s parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of March 31, 2023. USI Corporation has operational control over the Company.

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

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

The consolidated financial statements were released after approval by the Board of Directors on May 3, 2023.

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

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

   The first-time application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the accounting policies of the Group.

b. 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

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New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 — Comparative Information”	January 1, 2023
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 “Non-cur-rent 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.

Till the date of authorization of the Consolidated Financial Statements, the Group has continued to assess the effects of amendments to other standards and interpretations on its financial position and performance. Related impacts will be disclosed upon completion of the assessment.

4. Summary of Significant Accounting Policies

a. Compliance declaration

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the IAS 34 Interim Financial Reporting. This consolidated financial report does not include all disclosures required by IFRSs for a complete annual financial report.

b. Preparation basis

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date.

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

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

c. Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Company and entities controlled by the Company (i.e., subsidiaries). The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

For details of subsidiaries, shareholding ratios, and operating items, please refer to Note 12, Table 4, and Table 5.

d. Others Significant Accounting Policies

In addition to the following explanations, please refer to the Summary of Significant Accounting Policies in the 2022 Annual Consolidated Financial Report.

1) Defined-benefit retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

2) Income Tax

Income tax expenses are the sum of current income taxes and deferred income taxes. Income tax for an interim period is assessed on an annual basis, calculated by applying, to an interim period's pre-tax income, the tax rate that would be applicable to expected total annual earnings.

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

For the explanation of primary sources of uncertainties in material accounting judgments, estimates, and assumptions, please refer to the Summary of Significant Accounting Policies in the 2022 Annual Consolidated Financial Report.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and petty cash	$ 371	$ 371	$ 486
Checking accounts and demand deposits	748,022	731,789	1,673,330
Cash equivalents			
Time deposits	1,770,811	1,784,103	783,425
Reverse repurchase agreements collateralized by bonds	-	145,825	124,971
	$ 2,519,204	$ 2,662,088	$ 2,582,212

The annual interest rates in time deposits and bonds for sale on the balance sheet date are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Time deposits	2.00%~4.97%	1.18%~4.88%	0.20%~2.30%
Reverse repurchase agreements collateralized by bonds	-	1.05%~1.35%	0.36%~0.60%

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

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
— Domestic listed shares	30,400	22,540	90,642
— Unlisted stocks abroad	-	-	-
— Mutual funds	80,111	333,210	425,226
— Beneficiary securities	65,850	59,303	62,943
	$ 176,361	$ 415,053	$ 578,811
Financial liabilities held for trading			
Derivative (not under hedge accounting)			
— Foreign exchange forward contracts	$ -	$ -	$ 2,422

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 (March 31, 2023, and December 31, 2022: None):

	Currency	Expiration Period	Notional Amount (In Thousands)
March 31, 2022			
Sell	USD/NTD	2022.04.18-2022.05.25	USD 5,220 /TWD 146,928

The purpose of engaging in forward foreign exchange transactions from January 1 to March 31, 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 Group is not applicable to hedge accounting because it does not meet the effective hedging conditions (From January 1 to March 31, 2023: None).

The net gain arising from financial assets at FVTPL for the three months ended March 31, 2023 and 2022 was $1,125 thousand and $4,544 thousand, respectively. The net loss arising from financial liabilities at fair value through profit and loss for the three months ended March 31, 2023 and 2022 was $5,211 thousand (From January 1 to March 31, 2023: None).

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

	March 31, 2023	December 31, 2022	March 31, 2022
Investments in equity instruments			
Domestic investments			
Ordinary shares of the listed companies			
- USI Corporation	$ 400,412	$ 333,929	$ 454,808
Ordinary shares of the unlisted companies			
- Harbinger Venture Capital Corp.	7	7	7
Subtotal	400,419	333,936	454,815
The investments overseas			
Ordinary shares of the unlisted companies			
－Budworth Investment Ltd	6	6	6
	$ 400,425	$ 333,942	$ 454,821

The Group invests in the ordinary shares of the aforementioned companies for medium- and long-term strategic objectives and expects to make profits through long-term investments. The management chose to designate these investments to be measured at fair value through other comprehensive incomes as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST－CURRENT

	March 31, 2023	December 31, 2022	March 31, 2022
pledged certificates of deposit (1)	$ 3,000	$ 5,000	$ 3,000

a. Till March 31, 2023, and December 31 and March 31, 2022, the market rates of interest of pledged certificates of deposit were 1.16%, 1.32% ~ 1.41%, and 0.62% ~ 0.69% per annum, respectively.

b. For pledge information on financial assets measured at amortized cost, please refer to Note 31.

10. Notes Receivable, Accounts Receivable, and Other Receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable (1)			
Notes receivable - operating	$ 177,841	$ 157,026	$ 301,636
Accounts receivable (1)			
Measured at amortized cost			
Total carrying amount	$ 1,517,951	$ 1,542,964	$ 1,964,355
Less: Allowance for impairment loss	(57,297)	(57,662)	(55,475)
	$ 1,460,654	$ 1,485,302	$ 1,908,880
Accounts receivable from related parties (1) (Note 30)	$ -	$ -	$ 956
Other receivables (2)			
Business tax refund receivable	$ 108,464	$ 67,204	$ 111,549
Interest receivable	25,954	19,939	3,155
Others	545	678	2,370
	$ 134,963	$ 87,821	$ 117,074
Other receivables from related parties (Note 30)	$ 2,483	$ 3,158	$ 2,445

a. Notes receivable and accounts receivable

The credit period of the Group for the sales of the merchandise is from 30 to 180 days, and the notes and accounts receivable are not interest-bearing. In order to mitigate credit risk, the management of the Group has assigned a dedicated team to be responsible for the determination of the credit line, credit approval, and other procedures of the supervisory control to ensure that appropriate action has been taken to reclaim past due receivables, and the Group has insured some of the receivables against credit insurance or obtained adequate guarantees if necessary to mitigate the risk of financial losses due to delinquency. In addition, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. Prior to accepting a new client, the credit quality of the prospect is assessed through the internal credit rating system and the credit facilities of the prospect will be set, and the history of the transactions and the financial position of the individual client are regularly reviewed, according to which the management of the Group believes that the credit risk of the Group has been significantly reduced.

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

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

Loss allowances for the notes and accounts receivable based on the provision matrix are as follows:

March 31, 2023

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 5,277	$ 434,715	$ 72,509	$1,183,291	$1,695,792
Loss allowance (Lifetime ECL)	-	-	(176)	(57,121)	(57,297)
Amortized cost	$ 5,277	$ 434,715	$ 72,333	$1,126,170	$1,638,495

December 31, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 4,192	$ 384,429	$ 82,058	$1,229,311	$1,699,990
Loss allowance (Lifetime ECL)	-	-	(219)	(57,443)	(57,662)
Amortized cost	$ 4,192	$ 384,429	$ 81,839	$1,171,868	$1,642,328

March 31, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 519	$ 455,773	$ 90,703	$1,719,952	$2,266,947
Loss allowance (Lifetime ECL)	-	-	(271)	(55,204)	(55,475)
Amortized cost	$ 519	$ 455,773	$ 90,432	$1,664,748	$2,211,472

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

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Balance at the beginning of the period	$ 57,662	$ 55,417
Remeasurement of loss allowance for the period	(385)	(6)
Exchange difference	20	64
Balance at the end of the period	$ 57,297	$ 55,475

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

	March 31, 2023	December 31, 2022	March 31, 2022
Not Past Due	$ 1,622,715	$ 1,594,610	$ 2,181,117
Past due within 60 days	16,021	45,283	30,967
Past due over 61 days	57,056	60,097	54,863
Total	$ 1,695,792	$ 1,699,990	$ 2,266,947

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

Of the balance of notes receivable and accounts receivable as of December 31 and March 31, 2022, except that the balance of accounts receivable of specific clients accounted for 14% and 11% of the total notes receivable and accounts receivable as of December 31 and March 31, 2022, respectively, the balance of notes receivable and accounts receivable of other clients did not exceed 10% of the total notes receivable and accounts receivable on each date of the Balance Sheet, and the client base of the Group was large and unrelated, so the concentration of credit risk was limited.

b. Other receivables

Other receivables of the Group as of March 31, 2023 and December 31 and March 31, 2022 have been assessed for impairment losses on the basis of expected credit losses.

11. Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Finished goods	$ 525,166	$ 500,216	$ 261,458
Work in process	120,581	130,666	95,088
Raw materials	627,902	277,596	649,450
Production supplies	42,236	42,540	44,141
Goods in Transit	-	-	179,660
	$ 1,315,885	$ 951,018	$ 1,229,797

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2023 and 2022 was $3,475,106 thousand and $3,925,844 thousand, respectively.

The cost of goods sold included write-down of $1,716 thousand and reversal of inventory write-down of $12,333 thousand, which resulted from inventory closeout, for the three months ended March 31, 2023 and 2022, respectively.

12. SUBSIDIARY

Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the Consolidated Financial Statements are listed as follows:

Name of Investor	Name of Subsidiary	Nature of business	Proportion of Ownership March 31, 2023	December 31, 2022	March 31, 2022	Description
The Company	TAITA (BVI) Holding Co., Ltd.（TAITA (BVI)）	Reinvestment	100%	100%	100%	-
TAITA（BVI）	Taita Chemical (Zhongshan) Co., Ltd. (“TTC (ZS)”)	Production and marketing of polystyrene derivatives	100%	100%	100%	1.
	Taita Chemical (Tianjin) Co., Ltd. (“TTC (TJ)”)	Production and marketing of polystyrene derivatives	100%	100%	100%	2.
	ZHANGZHOU TAITA CHEMICAL CO., LTD (TTCGUL)	The derivatives from the production and sale of styrene polymer	100%	100%	100%	3.

a. Till December 31, 2022, the amount of investment in Delta Zhongshan was USD 43,000 thousand dollars, and the company's surplus was transferred to the capital increase of USD 3,250 thousand dollars in 2007. Till December 31, 2022, the company's paid-in capital was USD 46,250 thousand dollars. Delta Zhongshan held a meeting of the Board of Directors on October 14, 2021, and resolved to adopt a profit distribution plan from 2007 to 2020 with a total amount of RMB 306,950 thousand dollars, which was allocated on March 8, 2022.

b. Till December 31, 2022, the amount of investment in Delta Tianjin was USD 26,000 thousand, and the company's surplus in 2012 was transferred to the capital increase of USD 1,350 thousand. Till December 31, 2022, the company's paid-in capital was USD 27,350 thousand. Due to the curtailing demand in the local market, the management of the Company decided to suspend the production of Delta Tianjin from April 2019.

c. On December 3, 2020, the Board of Directors of the Company resolved to establish Zhangzhou Delta with an investment of RMB 314,000 thousand through Taita (BVI). Zhangzhou Delta Industry was founded and registered on June 28, 2021, and Taita (BVI) invested RMB 306,950 thousand (USD 48,580 thousand) in Zhangzhou Delta Industry on March 8, 2022.

The financial statements of the subsidiaries included in this consolidated financial report are calculated based on the financial statements of the subsidiaries for the same period reviewed by CPAs.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Individually insignificant associates			
Listed company			
China General Plastics Corporation ("CGPC")	$ 191,820	$ 187,231	$ 230,358
Acme Electronics Corporation ("ACME")	44,911	33,466	33,885
Unlisted company			
China General Terminal & Distribution Corporation ("CGTD")	353,653	355,611	378,341
ACME Electronics (Cayman) Corp.（ACME (Cayman)）	65,906	67,401	69,327
	$ 656,290	$ 643,709	$ 711,911

Aggregate information of associates that are not individually material

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
The Group's share of:		
Profit (Loss) from continuing operations	($ 312)	$ 12,796
Other comprehensive gain (loss)	35	5,305
Total comprehensive (loss) income for the year	($ 277)	$ 18,101

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

Name of Associates	March 31, 2023	December 31, 2022	March 31, 2022
CGPC	1.98%	1.98%	1.98%
ACME	2.34%	2.43%	2.43%
CGTD	33.33%	33.33%	33.33%
ACME（Cayman）	5.39%	5.39%	5.39%

For the nature of activities, principal places of business and countries of incorporation of the associates, please refer to Table 4 "Information on Investees".

The board of directors of ACME resolved to issue 30,000,000 new shares with a par value of NT$10 per share for a cash capital increase on June 14, 2022. Among them, 15% is reserved for subscription by qualified employees of ACME and its affiliated companies. The relevant issue price is Nt$20 per share, and the capital increase base date is January 16, 2023. The merged company subscribed 547,000 shares according to the original shareholding ratio, with an investment amount of NT$10,931 thousand, and the shareholding ratio decreased from 2.43% to 2.34%.

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

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

Name of Associates	March 31, 2023	December 31, 2022	March 31, 2022
CGPC	$ 302,875	$ 304,027	$ 403,066
ACME	$ 135,022	$ 106,458	$ 178,912

The profits and losses and the shares of other comprehensive profits and losses, under the equity method, entitled to the associates and the Group were recognized on the basis of the financial reports of the associates audited by the CPA during the same period, except that the financial reports of China General Terminal & Distribution Co. were not reviewed by the CPA. The management of the Group believes that the financial reports of China General Terminal & Distribution Co. weren't reviewed by the CPA and it would cause no significant impact.

14. Property, plant and equipment

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount by function			
Freehold Land	$ 634,432	$ 634,432	$ 634,432
Buildings	288,348	295,790	320,005
Machinery and Equipment	912,984	927,561	899,408
Transportation Equipment	4,228	3,767	5,946
Other Equipment	34,512	33,902	32,435
Construction in Progress	64,961	65,381	102,707
	$ 1,939,465	$ 1,960,833	$ 1,994,933

The management stopped the production of TAITA (TJ) in April 2019 as a result of the reduction in demand of EPS, which is the main product of Taita Chemical (Tianjin) Co., Ltd. (“TAITA (TJ)”) in the local market. TAITA (TJ)'s property, plant, and equipment (including right-of-use assets) are calculated based on fair value less the costs of disposal as the recoverable amount, and fair value is measured by the independent valuation with the third level input value on December 31, 2021, and 2022. The evaluation is a revaluation of the replacement cost and economically useful life of various properties, plants, and equipment within the scope of the evaluation. Assessed by the management of the merged company, compared with December 31, 2022 and 2021, there was no significant change in the fair value on March 31, 2023 and 2022.

Except for the recognition of depreciation expenses, there was no significant increase, disposal, or impairment of the Group’s properties, plants, and equipment for the three months ended March 31, 2023, and 2022. Depreciation charges are set aside on a straight-line over their estimated useful lives as follows:

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts			
Land	$ 66,743	$ 68,046	$ 73,136

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Depreciation charge for right-of-use assets		
Land	$ 1,458	$ 1,455

Except for the recognition of depreciation expenses, there was no significant increase, sublease or impairment of the Group's right-of-use assets for the three months ended March 31, 2023 and 2022. Part of the land use rights pledged as collateral for bank borrowing are set out in Notes 18 and 31.

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amounts			
Current	$ 4,627	$ 4,614	$ 4,576
Non-current	$ 32,598	$ 33,760	$ 37,225

As of March 31, 2023, and December 31 and March 31, 2022, the discount rates for the lease liability are all 1.10%.

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

c. Other lease information

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

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Expenses relating to short-term leases	$ 4,137	$ 4,493
Expenses relating to low-value asset leases	$ 6	$ 4
Total cash outflow for leases	$ 5,396	$ 5,751

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

16. INVESTMENT PROPERTIES, NET

	March 31, 2023	December 31, 2022	March 31, 2022
Land	$ 108,178	$ 108,178	$ 108,178

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

The land of the former township factory of the Group is leased to the China General Terminal & Distribution Co., and the actual rental area is agreed upon, and the monthly rent is NT$1,496 thousand (please refer to Notes 25 and 30).

17. INTANGIBLE ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount by function			
Information systems	$ 225	$ 278	$ 439
Design expenses for factories	1,600	2,001	3,201
	$ 1,825	$ 2,279	$ 3,640

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

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

18. BORROWINGS

a. Short-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured borrowings			
Line of credit borrowings	$ 150,000	$ 150,000	$ 150,000

The annual interest rates of the loans of credit facilities were 1.6%, 1.32%, and 0.52% respectively on March 31, 2023, and March 31 and December 31, 2022.

In addition, Delta Zhongshan provided property, plant, equipment, and the rights of land use as collateral (see Notes 14, 15, and 31), and till March 31, 2023, and December 31, March 31, 2022, the loan amount was not used.

b. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Credit loans	$ 100,000	$ 300,000	$ -

The annual interest rate of long-term loans of the Group is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Credit loans	1.55%	1.35%	-

In order to fund medium to long-term working capital needs, the Group signed medium to long-term loan agreements with banks with total lines of credit of $2,777,248 thousand. The loan agreements will subsequently expire before September 2025 and these lines of credit are used cyclically during the validity period. As of March 31, 2023, $100,000 thousand has been utilized.

Some of the Group's loan agreements stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a specified percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the banks concerned. Till March 31, 2023, the Group has not violated the aforementioned financial ratios.

19. Accounts payable

	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable (including related parties)			
Arising from operation (Note 30)	$ 958,194	$ 646,426	$ 932,061

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

20. OTHER PAYABLES

	March 31, 2023	December 31, 2022	March 31, 2022
Payables for salaries or bonuses	$ 52,276	$ 75,629	$ 70,151
Payables for freight fees	50,150	100,171	109,374
Payables for utilities	30,633	27,022	25,797
Payables for equipment	10,195	24,858	15,142
Payables for professional service expenses	10,710	9,698	9,973
Payables for taxes	3,880	3,839	4,146
Others	61,330	56,708	43,713
	$ 219,174	$ 297,925	$ 278,296

21. REFUND PROVISIONS

	March 31, 2023	December 31, 2022	March 31, 2022
Sales returns and rebates	$ 1,294	$ 1,102	$ 1,070

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Balance at the beginning of the period	$ 1,102	$ 897
Provision for the current period	1,916	1,896
Returns and rebates for the current period	(1,724)	(1,723)
Balance at the end of the period	$ 1,294	$ 1,070

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

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. Since November 1986, the Company contributed a specific rate (currently 12%) of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Company has no right to influence the investment policy and strategy.

The pension expenses related to the defined benefit plan recognized for the three months ended March 31, 2023 and 2022 were calculated based on the actuarially determined pension cost rate on December 31, 2022 and 2021, and the summary of the amount recognized in profit or loss by function is as follows:

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Cost of goods sold	$ 800	$ 817
Selling and marketing expenses	31	46
General and administrative expenses	28	59
Research and development expenses	23	24
	$ 882	$ 946

For the three months ended March 31, 2023 and 2022, the Company allocated NT$8,445 thousand and NT$17,253 thousand respectively to the Taiwan bank account designated by the Supervisory Committee of Labor Retirement Reserve.

23. EQUITY

a. Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
Number of shares authorized (in thousands)	400,000	400,000	400,000
Shares authorized	$ 4,000,000	$ 4,000,000	$ 4,000,000
Number of shares issued and fully paid (in thousands)	397,587	397,587	378,654
Shares issued	$ 3,975,868	$ 3,975,868	$ 3,786,541

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

The Company's annual shareholders’ meeting resolved to distribute share dividends with earnings and issued 18,933 thousand new shares for the capital increase on May 27, 2022. The above cash capital increase proposal was approved and declared by the Securities and Futures Bureau, FSC on July 6, 2022, and was resolved by the board of directors, with August 5, 2022 as the ex-rights date.

b. Capital surplus

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 25-h.

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

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

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

The appropriations of earnings for 2022 and 2021 proposed and approved in the annual shareholders' meetings on March 3, 2023 and May 27, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 44,234	$ 184,098		
Cash dividends	198,793	757,308	$ 0.5	$ 2.0
Share dividends	-	189,327	-	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:

	March 31, 2023	December 31, 2022	March 31, 2022
Special reserve	$ 308,061	$ 308,061	$ 308,061

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were $279,270 thousand and $160,233 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of $308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of March 31, 2023, there was no change in the special reserve.

e. Other equity items

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

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Balance at the beginning of the period	($ 110,541)	($ 144,532)
Incurred this period		
Exchange differences on translation of foreign operations	14,699	106,635
Share from associates accounted for using the equity method	(82)	3,819
Related income tax	(2,913)	(21,785)
Balance at the end of the period	($ 98,837)	($ 55,863)

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

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

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Balance at the beginning of the period	$ 319,105	$ 493,835
Incurred this period		
Unrealized Gain (Loss)		
Equity instruments	66,483	(21,910)
Share from associates accounted for using the equity method	117	1,486
Balance at the end of the period	$ 385,705	$ 473,411

24. REVENUE

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Revenue from contracts with customers		
Revenue from sale of goods	$ 3,575,071	$ 4,535,929

Refer to Note 35 for revenue of major products and operation results.

25. PROFIT BEFORE INCOME TAX

a. Interest income

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
CASH AND CASH EQUIVALENTS	$ 11,319	$ 8,191
Others	71	41
	$ 11,390	$ 8,232

b. Other income

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Rental income - operating lease (Notes 16 and 30)	$ 9,044	$ 11,343
Government subsidies	5,411	513
Financial assets at fair value through profit or loss - dividend income	-	1,772
Others	5,501	1,154
	$ 19,956	$ 14,782

c. Other gains and losses

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Gain on financial assets at fair value through profit and loss (Note 7)	$ 1,125	$ 2,772
Loss on financial assets at fair value through profit and loss (Note 7)	-	(5,211)
Net gain (loss) through foreign currency exchange	(5,985)	75,018
Loss on disposal of property, plant, and equipment	(12)	(380)
Expenses from rental assets	(1,489)	(1,554)
Others	(524)	(514)
	($ 6,885)	$ 70,131

d. Net profits or losses on foreign currency exchange

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Total foreign exchange gains	$ 40,955	$ 96,447
Total foreign exchange losses	(46,940)	(21,429)
Net profit (loss)	($ 5,985)	$ 75,018

e. Finance costs

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Interest on bank loans	$ 2,871	$ 716
Interest on lease liabilities (Note 30)	104	117
Amount of capitalization of interest (included in property under construction)	(66)	(33)
	$ 2,909	$ 800

Information about capitalized interest is as follows:

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Capitalized interest	$ 66	$ 33
Capitalization rate	1.50%~1.55%	0.85%

f. Depreciation and amortization

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Property, plant and equipment	$ 50,990	$ 50,323
Right-of-use assets (Note 15)	1,458	1,455
Intangible assets	454	454
Total	$ 52,902	$ 52,232
An analysis of depreciation by function		
Cost of goods sold	$ 49,745	$ 49,036
Operating expenses	2,040	1,966
Other gains and losses	663	776
	$ 52,448	$ 51,778
An analysis of amortization by function		
Cost of goods sold	$ 400	$ 400
General and administrative expenses	54	54
	$ 454	$ 454

g. Employee benefits expense

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Post-employment benefits (Note 22)		
Defined contribution plans	$ 5,311	$ 5,834
Defined benefit plans	882	946
	6,193	6,780
Insurance expenses	9,577	11,245
Other employee benefits	121,658	151,080
Total employee benefits expense	$ 137,428	$ 169,105
An analysis of employee benefits expense by function		
Cost of goods sold	$ 107,918	$ 135,790
Operating expenses	29,510	33,315
	$ 137,428	$ 169,105

h. Employees' compensation and remuneration of directors

According to Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively. However, the Company's accumulated deficits should be offset in advance. The employees' compensation can be distributed in the form of shares or cash. When the employees of the Company's subsidiaries meet specific requirements they are also entitled to receive compensation in shares or cash. These requirements are set by the board of directors.

The estimated employees' compensation and remuneration of directors for the three months ended March 31, 2022, are as follows:

Estimated percentage

	FOR THE THREE MONTHS ENDED MARCH 31, 2022	
	Estimated ratio	Estimated amount
Employees' compensation	1%	$ 3,186
Remuneration of directors	-	$ -

For the three months ended March 31, 2023, the employees' compensation was not estimated due to the loss.

If there is still any change in the amount after the annual consolidated financial statements are authorized for issue, the differences shall be treated as a change in accounting estimates and will be adjusted in the following year.

The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which were resolved to distribute cash by the Company's board of directors on March 3, 2023, and March 9, 2022, respectively, were as follows:

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

The actual distribution of the remuneration of the employees and directors for 2022 and 2021 is no different from the amount recognized in the consolidated financial statements for 2022 and 2021.

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

26. Income Tax

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

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Current tax		
In respect of the current period	$ 2,511	$ 50,839
Adjustments for prior years	(1,762)	(3,372)
	749	47,467
Deferred tax		
In respect of the current period	(20,668)	14,184
Income tax expense (benefit) recognized in profit or loss	($ 19,919)	$ 61,651

b. Income tax recognized in other comprehensive income

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Deferred tax		
Incurred this period		
— Exchange differences on translating the financial statements of foreign operations	($ 2,913)	($ 21,785)

c. Income tax assessments

The Company's business income tax declaration case has been approved by the taxation and taxation authority for 2021.

d. Income tax related to subsidiaries were as follows:

1) Taita (BVI) is exempt from income tax for both January 1 to March 31, 2023 and 2022 as a result of applicable local government tax exemptions.

2) Taita Zhongshan, Taita Tianjin, and Zhangzhou Taita comply with the regulations of the local enterprise income tax law, and the applicable tax rate is 25%.

27. EARNINGS (LOSSES) PER SHARE

Unit: NT$ Per Share

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Basic earnings (losses) per share	($ 0.18)	$ 0.65
Diluted earnings (losses) per share	($ 0.18)	$ 0.65

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 adjustment, the changes in basic and diluted earnings per share for the three months ended March 31, 2022 are as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 0.68	$ 0.65
Diluted earnings per share	$ 0.68	$ 0.65

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

Net profit (or net loss) for the period

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Earnings used in the computation of basic and diluted earnings per share	($ 71,705)	$ 258,890

Number of Shares

Unit: In Thousand Shares

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Weighted average number of ordinary shares used for calculation of basic earnings (losses) per share	397,587	397,587
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	647
Weighted average number of ordinary shares used in the computation of diluted earnings (losses) per share	397,587	398,234

If the Group chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential ordinary shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year. For the three months ended March 31, 2023, is in loss, and the diluted loss per share will not be calculated.

28. CAPITAL MANAGEMENT

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

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

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

29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments in equity instruments				
— Domestic listed shares	$ 30,400	$ -	$ -	$ 30,400
— Foreign unlisted shares	-	-	-	-
Mutual funds	80,111	-	-	80,111
Beneficiary securities	65,850	-	-	65,850
Total	$ 176,361	$ -	$ -	$ 176,361
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
— Domestic listed shares	$ 400,412	$ -	$ -	$ 400,412
— Domestic unlisted shares	-	-	7	7
— Foreign unlisted shares	-	-	6	6
Total	$ 400,412	$ -	$ 13	$ 400,425

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
— Foreign unlisted shares	-	-	-	-
Mutual funds	333,210	-	-	333,210
Beneficiary securities	59,303	-	-	59,303
Total	$ 415,053	$ -	$ -	$ 415,053
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
— Domestic listed shares	$ 333,929	$ -	$ -	$ 333,929
— Domestic unlisted shares	-	-	7	7
— Foreign unlisted shares	-	-	6	6
Total	$ 333,929	$ -	$ 13	$ 333,942

March 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	$ 90,642	$ -	$ -	$ 90,642
— Foreign unlisted shares	-	-	-	-
Mutual funds	425,226	-	-	425,226
Beneficiary securities	62,943	-	-	62,943
Total	$ 578,811	$ -	$ -	$ 578,811

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	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
— Domestic listed shares	$ 454,808	$ -	$ -	$ 454,808
— Domestic unlisted shares	-	-	7	7
— Foreign unlisted shares	-	-	6	6
Total	$ 454,808	$ -	$ 13	$ 454,821
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 2,422	$ -	$ 2,422

From January 1 to March 31, 2023 and 2022, there was no transfer between Level 1 and Level 2 financial assets at fair value measurements.

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

Financial assets at fair value through other comprehensive income - equity instruments

Financial assets	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Balance at the beginning and end of the period	$ 13	$ 13

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

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

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

To determine the fair value for Level 3 financial instruments, the Group's investment department conducts independent fair value verification using external resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. The fair value of the unlisted equity investment held by the Group domestically and abroad is evaluated by the asset-based approach, and its fair value is determined by referring to the latest net value of the investment company and its observable financial and operating conditions; the unobservable input value used on March 31, 2023, and March 31 and December 31, 2022, is a liquidity discount of 15%.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets			
Financial assets at fair value through profit or loss — Mandatorily classified as at fair value through profit or loss	$ 176,361	$ 415,053	$ 578,811
Financial assets at amortized cost (Note 1)	4,254,714	4,390,550	4,828,037
Financial assets at fair value through other comprehensive income - Equity instruments	400,425	333,942	454,821
Financial liabilities			
Financial liabilities at fair value through profit or loss — Held for trading	-	-	2,422
Measured at amortized cost (Note 2)	1,376,159	1,295,434	1,290,412

Notes 1: The balance includes cash and cash equivalents, pledge certificates of deposit, notes receivable and accounts receivable (including related parties), other receivables (including related parties, excluding business tax refunds receivable) and deposits and other financial assets measured at amortized cost.

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

The Group conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Group used foreign exchange forward contracts to eliminate foreign currency exposure and thus mitigate the impact of the risk. The use of foreign exchange forward contracts was governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group does not undergo the transaction of the forward foreign exchange contracts for speculative purposes.

For the Group's monetary assets and liabilities, denominated in non-functional currencies on the balance sheet date (including the monetary items and nonfunctional currencies written off in the consolidated financial statements), please refer to Note 33. The derivatives exposing the Group to foreign currency risk are set out in Note 7.

Sensitivity analysis

The Group's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. When the functional currency of the consolidated entity appreciates/depreciates by 3% against USD, the Group's net loss before tax will decrease/increase by NT$24,093 thousand in the three months ended March 31, 2023; and net imcome before tax will decrease/increase by NT$37,108 thousand in the three months ended March 31, 2022, respectively.

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

b) Interest rate risk

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
－Financial assets	$ 1,835,844	$ 1,987,287	$ 926,015
－Financial liabilities	137,225	338,374	41,801
Cash flow interest rate risk			
－Financial assets	742,386	732,984	1,664,963
－Financial liabilities	150,000	150,000	150,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rate risk of cash flow for both financial assets and liabilities at the end of the reporting period. The fixed-rate financial assets and liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. A 50 point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. With all other variables remaining unchanged, a 0.5% increase/decrease in market rates of interest would result in an increase/decrease of NT$740 thousand and NT$1,894 thousand in net loss before tax for the Group's three months ended March 31, 2023 and 2022.

c) Other price risk

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

Sensitivity analysis

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

If the equity price increases/decreases by 5%, the net loss before tax for the three months ended March 31, 2023 will increase/decrease by NT$4,813 thousand due to the increase/decrease in fair value of financial assets (excluding monetary market fund investments) measured at fair value through profit or loss; the net income before tax for the three months ended March 31, 2022 will increase/decrease by NT$7,679 thousand due to the increase/decrease in fair value of financial assets (excluding monetary market fund investments) measured at fair value through profit or loss. The other comprehensive profits and losses before tax for the three months ended March 31, 2023 and 2022 will increase/decrease by NT$20,021 thousand and NT$22,741 thousand respectively due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive profits or losses.

2) Credit risk

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

The balance of accounts receivable of specific clients of the Group as of March 31 and December 31, 2022, accounted for 11% and 14% of the total amount of notes receivable and accounts receivable, respectively, and the other accounts receivable covered a large number of clients and scattered among different regions, and were not concentrated in a single client or region. Furthermore, the Group mitigates credit concentration risk by obtaining letters of credit issued by financial institutions prior to shipment for the sales transactions to the aforementioned specific customers and continuously assesses the financial condition of its customers, and then the Group's credit risk was limited. As at the end of the reporting period, the Group's largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

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

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

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

March 31, 2023

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 1,126,159	$ -	$ -
Lease liabilities	1.10	5,013	20,052	13,786
Floating interest rate liabilities	1.60	151,284	-	-
Fixed interest rate liabilities	1.55	1,367	100,000	-
		$ 1,283,823	$ 120,052	$ 13,786

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 5,013	$ 20,052	$ 13,786

December 31, 2022

	Weighted Average Interest Rate (%)	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 845,434	$ -	$ -
Lease liabilities	1.10	5,013	20,052	15,039
Floating interest rate liabilities	1.32	151,545	-	-
Fixed interest rate liabilities	1.35	4,050	300,522	-
		$ 1,006,042	$ 320,574	$ 15,039

Additional information about the maturity analysis for lease liabilities:

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

March 31, 2022

	Weighted Average Interest Rate	On Demand or Less than 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing liabilities		$ 1,140,412	$ -	$ -
Lease liabilities	1.10	5,013	20,052	18,799
Floating interest rate liabilities	0.52	150,028	-	-
		$ 1,295,453	$ 20,052	$ 18,799

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 5,013	$ 20,052	$ 18,799

b) Financing facilities

Bank borrowing is an important source of liquidity for the Group. The unused loan amount of the bank of the Group on the balance sheet date is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Bank loan facilities			
－Amount unused	$ 6,434,816	$ 6,102,770	$ 5,942,053

30. RELATED PARTY TRANSACTIONS

The Company’s ultimate parent is USI Corporation, which held 36.79% of the ordinary shares of the Company as of March 31, 2023, and March 31, December 31, 2022.

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

a. Names and relations of related parties

Related Party Name	Relationship with the Group

Related Party Name	Relationship with the Group
USI Corporation ("USI")	Ultimate parent company
China General Plastics Corporation ("CGPC")	Associate
Continental General Plastics (Zhongshan) Co., Ltd.	Associate
CGPC Consumer Products Corporation	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation ("TVCM")	Associate
Global Green Technology Corporation	Associate
China General Terminal & Distribution Corporation ("CGTD")	Associate
Asia Polymer Corporation ("APC")	Fellow subsidiary
USI Trading (Shanghai) Co., Ltd	Fellow subsidiary
Swanson Plastics Corporation	Fellow subsidiary
Swanson Plastics (Kunshan) Co., Ltd.	Fellow subsidiary
USI Management Consulting Corp. ("UM")	Fellow subsidiary
USI Education Foundation ("USIF")	Substantial related party

b. Sales of goods

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Ultimate parent company	$ -	$ 910

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

c. Purchase of goods

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Ultimate parent company	$ 1,703	$ -
Associate	540	569
Fellow subsidiary	102	79
	$ 2,345	$ 648

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

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

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Ultimate parent company	$ -	$ -	$ 956

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

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

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Fellow subsidiary	$ 27	$ 630	$ 83
Associate	-	27	-
	$ 27	$ 657	$ 83

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

f. Other transactions with related parties

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

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Associate		
CGTD	$ 4,728	$ 6,084
TVCM	1,824	2,409
	6,552	8,493
Fellow subsidiary	66	65
Ultimate parent company	-	411
	$ 6,618	$ 8,969

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

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Ultimate parent company		
USI	$ 1,261	$ 1,312
Fellow subsidiary		
APC	408	680
Associate	361	367
	$ 2,030	$ 2,359

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

3) Lease arrangements

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Lease liabilities - current			
Fellow subsidiary			
APC	$ 4,627	$ 4,614	$ 4,576
Lease liabilities - non-current			
Fellow subsidiary			
APC	$ 32,598	$ 33,760	$ 37,225

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Lease expense		
Fellow subsidiary		
APC	$ 1,253	$ 1,254
Interest expense		
Fellow subsidiary		
APC	$ 104	$ 117

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

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

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Associate		
CGTD	$ 3,404	$ 2,585

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

5) Management service income (classified as other income)

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Ultimate parent company		
USI	$ 1,028	$ 693

6) Management service expenses (classified as administrative expenses)

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Fellow subsidiary		
UM	$ 18,278	$ 23,288

The management service expenses paid to TGM mainly consist of the services including human resources and equipment and are paid on time based on the actual expenses incurred and costs incurred.

7) Donation (classified as general and administrative expenses)

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Substantial related party		
USIF	$ -	$ 5,000

8) Other expenses (classified as operating costs)

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Associate	$ 840	$ 333

9) Payments for property, plant and equipment

	The proceeds	
Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Ultimate parent company	$ 1,520	$ -

10) Disposal of Property, Plant, and Equipment

Related Party Category/Name	Disposals proceeds		Gain (Loss) on Disposal	
	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Ultimate parent company				
USI	$ -	$ 6,588	$ -	$ -

11) Commission expense

Related Party Category/Name	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Fellow subsidiary	$ -	$ 61

12) Other receivables

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Associate	$ 1,208	$ 1,961	$ 1,180
Ultimate parent company	1,139	1,086	1,183
Fellow subsidiary	136	111	82
	$ 2,483	$ 3,158	$ 2,445

Other receivables mainly include overheads receivable, management service expenses, and office rental.

13) Other payables

Related Party Category/Name	March 31, 2023	December 31, 2022	March 31, 2022
Associate	$ 3,500	$ 3,458	$ 2,540
Fellow subsidiary	757	1,058	1,127
Ultimate parent company	690	578	685
	$ 4,947	$ 5,094	$ 4,352

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

g. Remuneration of key management personnel

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

	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Salaries and others	$ 3,768	$ 3,191
Retirement benefits	54	54
	$ 3,822	$ 3,245

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

31. ASSETS PLEDGED AS COLLATERAL

The following assets of the consolidated company have been provided as collateral for the issuance of bills of exchange, letters of credit, procurement of fuel, customs clearance operations and borrowings (Notes 9, 14, 15 and 18):

	March 31, 2023	December 31, 2022	March 31, 2022
Pledged time deposits			
－Classified as financial assets at amortized cost - current	$ 3,000	$ 5,000	$ 3,000
－Classified as other assets - non-current	16,734	16,734	16,619
Property, plant and equipment, net	15,412	15,807	17,609
Land use rights			
－Classified right-of-use assets	19,997	20,099	21,168
	$ 55,143	$ 57,640	$ 58,396

32. <u>SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS</u>

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

a. Till March 31, 2023, and December 31, March 31, 2022, the balance of unused letters of credit issued by the Group was NT$134,833 thousand, NT$60,000 thousand, and NT$139,731 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 $99,207 thousand to the court to avoid sequestration. Taiwan Water Corporation also applied to the court for false seizure of CGTD's property on February 3 and March 2, 2017 respectively. Till April 25, 2023, the value of the seized property of China General Terminal & Distribution Co. was about NT$10,866 thousand.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims’ families on July 17, 2015. Each victim’s family received $12,000 thousand, and the total compensation was $384,000 thousand. The compensation was advanced by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims’ families and signing the settlement agreement on behalf of the three parties. 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 April 25, 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 amount of the settlement was NT$4,519 thousand. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is $3,856,447 thousand. The first instance verdict of some of these civil cases (indemnity amount of NT$1,470,793 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 $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$1,882,829 thousand). CGTD signed a claim agreement with an insurance company, according to the negligence liability ratio determined by the judgment of first instance, it is estimated the settlement amount of victims and seriously injured, the compensation amount of civil litigation cases (including the settled cases), and estimated amount to be borne by itself after deducting the upper limit of insurance claim was $136,375 thousand, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following summary is presented in foreign currencies other than the functional currency. The exchange rate disclosed in the summary refers to the exchange rate of a foreign currency to the functional currency. The significant impact on assets and liabilities recognized in foreign currencies is as follows:

March 31, 2023

	Foreign currencies	Exchange Rate		Functional Currency	NTD
Foreign currency assets					
Monetary items					
USD	$ 58,966	30.4500	(USD: NTD)	$ 1,795,522	$ 1,795,522
HKD	922	3.8790	(HKD: NTD)	3,578	3,578
EUR	49	33.1500	(HKD: NTD)	1,618	1,618
RMB	288	0.1455	(RMB: USD)	42	1,274
Foreign currency liabilities					
Monetary items					
USD	23,410	30.4500	(USD: NTD)	712,821	712,821
USD	9,183	6.8717	(USD: RMB)	63,102	279,616

December 31, 2022

	Foreign currencies	Exchange Rate		Functional Currency	NTD
Foreign currency assets					
Monetary items					
USD	$ 54,155	30.7100	(USD: NTD)	$ 1,663,100	$ 1,663,100
EUR	58	32.7200	(EUR: NTD)	1,893	1,893
HKD	301	3.9380	(HKD: NTD)	1,186	1,186
RMB	288	0.1436	(RMB: USD)	41	1,259
RMB	9	4.4094	(RMB: NTD)	40	40
Foreign currency liabilities					
Monetary items					
USD	14,711	30.7100	(USD: NTD)	451,777	451,777
USD	9,183	6.9646	(USD: RMB)	63,955	282,003
JPY	983	0.2324	(JPY:NTD)	228	228

March 31, 2022

	Foreign Currency	Exchange Rate		Functional Currency	NTD
Foreign currency assets					
Monetary items					
USD	$ 76,985	28.6250	(USD: NTD)	$ 2,203,700	$ 2,203,700
HKD	389	3.6560	(HKD: NTD)	1,422	1,422
RMB	287	0.1575	(RMB: USD)	45	1,296
Foreign currency liabilities					
Monetary items					
USD	24,524	28.6250	(USD: NTD)	702,005	702,005
USD	9,249	6.3482	(USD: RMB)	58,715	264,756
Japanese Yen	5,604	0.2353	(Japanese Yen: NTD)	1,319	1,319
Non-monetary items					
Derivative instruments					
USD	5,220	28.6250	(USD: NTD)	2,422	2,422

The net profits and losses (realized and unrealized) on foreign currency exchange of the Group in the three months ended March 31, 2023 and 2022 were respectively net gains of NT$75,018 thousand and net losses of NT$5,985 thousand. Due to the wide variety of foreign currency transactions, it is not possible to disclose the profits and losses on foreign currency exchange in currencies according to the significant impact.

34. SUPPLEMENTARY DISCLOSURES

a. Information about significant transactions:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (Table 1)

3) Marketable securities held at the end of the period (excluding investments in subsidiaries and associates). (Table 2)

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

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 3)

9) Trading in derivative instruments. (None)

10) Others: Intercompany relationships and significant intercompany transactions. (Table 6)

b. Information about investees. (Table 4)

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 5)

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 period. (None)

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (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 period and the purposes. (Table 1)

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (None)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services. (None)

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

35. SEGMENT INFORMATION

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

Segment revenue and results

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

	Segment revenue		Segment gains	
	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022	FOR THE THREE MONTHS ENDED MARCH 31, 2023	FOR THE THREE MONTHS ENDED MARCH 31, 2022
Styrenic products	$ 3,441,799	$ 4,399,578	($ 128,618)	$ 209,994
Glasswool products (including cubic printing products).	133,272	136,351	15,754	5,406
Total amount from continuing operations	$ 3,575,071	$ 4,535,929	(112,864)	215,400
Interest income			11,390	8,232
Other income			19,956	14,782
Other gains and losses			(6,885)	70,131
Share of profit of associates			(312)	12,796
Finance costs			(2,909)	(800)
Net income (loss) before tax of continuing operations			($ 91,624)	$ 320,541

The revenue reported above is generated from the transactions with external clients. There were no transactions between the segments in the three months ended March 31, 2023 and 2022.

The interests (losses) of the segments refer to the profits earned by the segments, excluding interest income, other income, other gains and losses, finance costs, the shares of profits and losses of the associates under the equity method, etc. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

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

TABLE 1

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 1)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 1)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement /Guarantee Given on Behalf of Companies in Mainland China
		Name of Associates	Relationship										
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	100% voting shares directly owned by the Company	$ 7,214,740	$ 182,700 (US$ 6,000 thousand)	$ 182,700 (US$ 6,000 thousand)	$ -	$ -	2.53%	$ 10,822,110	Yes	No	No
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares directly owned by the Company's subsidiary	7,214,740	354,496 (RMB80,000 thousand)	354,496 (RMB80,000 thousand)	-	-	4.91%	10,822,110	Yes	No	Yes

Notes 1: The foreign currency amount is calculated based on the spot exchange rate as of March 31, 2023.

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

TABLE 2

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

MARKETABLE SECURITIES HELD AT THE END OF THE PERIOD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of shares/units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taita Chemical Co., Ltd.	Stock							
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	15,109,901	$ 400,412	1.27%	$ 400,412	Note 1
	Harbinger Venture Capital Corp.	—	〃	990	7	0.50%	7	Note 3
	UPC Technology Corporation	—	Financial assets at FVTPL - current	282,000	4,061	0.02%	4,061	Note 1
	China Steel Corporation	—	〃	350,000	10,815	-	10,815	Note 1
	Tung Ho Steel Enterprise Corp.	—	〃	91,500	5,124	0.01%	5,124	Note 1
	Hon Hai Precision Industry Co., Ltd.	—	〃	100,000	10,400	-	10,400	Note 1
	Mutual funds							
	Taishin 1699 Money Market Fund	—	Financial assets at FVTPL - current	5,801,193	80,111	-	80,111	Note 2
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at FVTPL - current	3,750,000	65,850	-	65,850	Note 1
TAITA (BVI) Holding Co., Ltd.	Stock							
	Budworth Investment Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	20,219	6 (US$ thousand)	2.22%	6 (US$ thousand)	Note 3
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.73%	-	Note 4
	Sohoware Inc. - preference shares	—	〃	100,000	-	-	-	Note 4

Notes 1: The fair value is calculated based on the closing prices at TWSE on the last trading day of March 2023.

Notes 2: The fair value is calculated based on the net assets value of each fund on the last trading day of March 2023.

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

Notes 4: As of March 31, 2023, the Group evaluates the fair value of the equity instrument as NT$0.

TABLE 3

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
MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taita Chemical Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Sub-subsidiary	Other receivables $ 279,476 (USD 9,178 thousand) (Notes 1 and 3)	-	$ 279,476	Keep collecting the outstanding payment	$ -	$ -

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 over due for a normal crediting period.

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

Notes 3: At the time of the preparation of the consolidated financial report, it had been fully written off.

TABLE 4

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 2,732,522 (US$ 89,738 thousand)	$ 2,732,522 (US$ 89,738 thousand)	89,738,000	100.00%	$ 3,159,883 (US$103,773 thousand)	$ 964 (Gain US$ 32 thousand)	$ 964 (Gain US$ 32 thousand)	Subsidiary (Notes 1 and 3)
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	11,516,174	1.98%	191,820	232,350	4,605	Investments accounted for using the equity method (Note 1)
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	23,892,871	33.33%	353,653	(6,284)	(2,095)	Investments accounted for using the equity method (Note 2)
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	55,702	44,771	4,991,556	2.34%	44,911	(62,270)	(1,460)	Investments accounted for using the equity method (Note 1)
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	51,766 (US$ 1,700 thousand)	51,766 (US$ 1,700 thousand)	2,695,619	5.39%	65,906 (US$ 2,164 thousand)	(25,261) (Loss USD 831 thousand)	-	Investments accounted for using the equity method (Note 1)

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

Notes 2: The calculation of the investees was based on their unaudited financial statements for the same period.

Notes 3: At the time of the preparation of the consolidated financial report, it had been fully written off.

Notes 4: Investments in mainland China are included in Table 5.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company in mainland China	Main Businesses and Products	Paid-in Capital	Method and Medium of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2023	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 Repatriation of Investment Income as of March 31, 2023
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. (“TTC (ZS)”)	Production and marketing of polystyrene derivatives	$ 1,408,313 (US$ 46,250 thousand) (Note 1)	Investments through a holding company registered in a third region	$ 1,309,350 (US$ 43,000 thousand)	$ -	$ -	$ 1,309,350 (US$ 43,000 thousand)	(5,355) (Loss USD176 thousand)	100.00%	(5,355) (Loss USD176 thousand) (Note 7)	$ 1,830,354 (US$ 60,110 thousand) (Note 7)	$
Taita Chemical (Tianjin) Co., Ltd. (“TTC (TJ)”) (Note 10)	Production and marketing of polystyrene derivatives	832,808 (US$ 27,350 thousand) (Note 2)	Investments through a holding company registered in a third region	791,700 (US$ 26,000 thousand)	-	-	791,700 (US$ 26,000 thousand)	1,125 (Gain US$37 thousand)	100.00%	1,125 (Gain US$37 thousand) (Note 7)	(152,329) (US$ 5,003 thousand) (Note 7)	
ZHANGZHOU TAITA CHEMICAL CO., LTD (TTCGUL)	Production and marketing of polystyrene derivatives	1,479,248 (US$ 48,580 thousand) (Note 3)	Investments through a holding company registered in a third region	-	-	-	-	7,534 (Gain US$248 thousand)	100.00%	7,534 (Gain US$248 thousand) (Note 7)	1,379,748 (US$ 45,312 thousand) (Note 7)	
ACME Electronics (Kunshan) Co., Ltd. (“ACME (KS)”)	Manufacturing and marketing of manganese-zinc soft ferrite core	935,576 (US$ 30,725 thousand)	Investments through ACME Electronics (Cayman) Corp. registered in a third region	41,230 (US$ 1,354 thousand)	-	-	41,230 (US$ 1,354 thousand)	(30,472) (Loss USD1,003 thousand)	5.39%	(1,644) (Loss USD54 thousand)	41,401 (US$ 1,360 thousand)	

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 2,142,280 (USD70,354 thousand)	$ 3,831,137 (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 basis for investment income (loss) recognition is from financial statements reviewed and attested by the parent company’s ROC-based CPA.

Notes 7: At the time of the preparation of the consolidated financial report, it had been fully written off.

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

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

THE BUSINESS RELATIONSHIP BETWEEN THE PARENT COMPANIES AND SUBSIDIARIES AND THE SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transactions Details			
				Financial Statement Account	Amount (Note 2)	Transaction Details	Accounted for total consolidated revenue or The ratio of total assets (Note 1)
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	The parent company to subsidiaries	Other receivables from related parties	$ 1,261	No significant difference with non-related parties	0.01%
		Taita Chemical (Tianjin) Co., Ltd.	The parent company to sub-subsidiaries	Other receivables from related parties	279,476	No significant difference with non-related parties	3.02%
1	TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	The parent company to subsidiaries	Other payables from related parties	4,568	No significant difference with non-related parties	0.05%

Notes 1: The amount of the transactions is calculated as the ratio of the total consolidated revenue or total assets. In the case of asset-liability accounts, the balance at the end of the period is calculated as the proportion of the total consolidated assets.

Notes 2: At the time of the preparation of the consolidated financial report, it had been fully written off.

TABLE 7

TAITA CHEMICAL CO., LTD.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS
MARCH 31, 2023

Name of substantial shareholders	Shares	
	Number of shares held	%
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.