Stock Code: 1309

Taita Chemical Company, Ltd. and its Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report For the Nine Months Ended September 30, 2023 and 2022

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INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders Taita Chemical Company, Ltd.

Foreword

We have reviewed the accompanying consolidated financial statements of Taita Chemical Company, Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as of September 30, 2023 and 2022, the consolidated statement of comprehensive income for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, as well as 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 of Review

Except as stated in the basic paragraph of the reserved conclusion, the CPAs performed the review work under the Statement on Auditing Standards 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 Qualified Conclusion

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 September 30, 2023 and 2022, the above long-term equity investment balances assessed using the equity method were NT$334,844 thousand and NT$344,839 thousand respectively, both accounting for 4% of the total consolidated assets; For the three months ended September 30, 2023 and 2022, and the nine months ended September 30, 2023 and 2022, the relevant total comprehensive income were NT$(6,070) thousand, NT$(10,472) thousand, NT$(20,767) thousand, and NT$(28,891) thousand, respectively, accounting for (79)%, (36)%, (14)%, and (9)% of the total consolidated comprehensive income, respectively. In addition, the relevant information on investees as stated in the Notes Disclosure of this consolidated financial report is calculated and disclosed based on the financial reports of the investee companies that have not been reviewed by CPAs for the same period.

Qualified Conclusion

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 Company, Ltd. and its subsidiaries as of September 30, 2023 and 2022, as well as their consolidated financial performance for the three months ended September 30, 2023, and 2022, and their consolidated financial performance and consolidated cash flows for the nine months ended September 30, 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 Chiu, Cheng-Chun	CPA Huang, Hsiu-Chun
Financial Regulatory Commission (FRC) Approval Number Financial Regulatory Commission (FRC) certificate No. 0930160267	Securities and Futures Commission Approval Number Securities and Futures Commission certificate No. 0920123784

November 3, 2023

Notice to Readers:

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TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
SEPTEMBER 30, 2023, AND DECEMBER 31 AND SEPTEMBER 30, 2022
Unit: In Thousands of New Taiwan Dollars

		September 30, 2023		December 31, 2022		September 30, 2022	
Code	Assets	Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 2,256,708	25	$ 2,662,088	29	$ 2,673,997	27
1110	Financial assets at fair value through profit or loss - current (Note 7)	127,494	1	415,053	4	174,682	2
1136	Financial assets at amortized cost - current (Notes 9 and 31)	3,000	-	5,000	-	6,000	-
1150	Notes receivable (Note 10)	249,996	3	157,026	2	174,127	2
1170	Accounts receivable (Note 10)	1,694,273	19	1,485,302	16	1,785,254	18
1180	Accounts receivable from related parties (Notes 10 and 30)	-	-	-	-	6,616	-
1200	Other receivables (Note 10)	127,039	1	87,821	1	153,442	1
1210	Other receivables from related parties (Notes 10 and 30)	4,694	-	3,158	-	2,855	-
1220	Current tax liabilities (Note 4)	1,379	-	9,538	-	5,225	-
130X	Inventories (Note 11)	952,153	11	951,018	10	1,336,103	14
1410	Prepayments and other current assets	183,780	2	230,953	3	269,206	3
11XX	Total current assets	5,600,516	62	6,006,957	65	6,587,507	67
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8)	313,537	4	333,942	3	310,522	3
1550	Investments accounted for using the equity method (Note 13)	633,230	7	643,709	7	631,032	7
1600	Property, plant and equipment (Notes 14, 18, 30 and 31)	1,940,613	22	1,960,833	21	1,975,938	20
1755	Right-of-use assets (Notes 15, 18, 30 and 31)	268,011	3	68,046	1	69,947	1
1760	Net investment properties (Note 16)	108,178	1	108,178	1	108,178	1
1780	Intangible assets (Note 17)	934	-	2,279	-	2,733	-
1840	Deferred tax assets (Note 4)	105,750	1	59,573	1	56,767	1
1990	Non-current assets - others (Note 31)	27,979	-	57,359	1	23,795	-
15XX	Total non-current assets	3,398,232	38	3,233,919	35	3,178,912	33
1XXX	Total	$ 8,998,748	100	$ 9,240,876	100	$ 9,766,419	100

Code	Liabilities and equity	Amount	%	Amount	%	Amount	%
	Current liabilities						
2100	Short-term borrowings (Notes 14, 15, 18 and 31)	$ 350,000	4	$ 150,000	2	$ 250,000	3
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	1,988	-
2170	Accounts payable (Note 19)	1,031,721	11	645,769	7	864,649	9
2180	Accounts payable to related parties (Notes 19 and 30)	458	-	657	-	28	-
2200	Other payables (Note 20)	314,997	4	297,925	3	324,652	3
2220	Other payables to related parties (Note 30)	5,209	-	5,094	-	5,699	-
2230	Current tax liabilities (Note 4)	904	-	144,807	2	132,031	1
2280	Lease liabilities - current (Notes 15 and 30)	4,652	-	4,614	-	4,602	-
2365	Refund liabilities - current (Note 21)	1,124	-	1,102	-	988	-
2399	Other current liabilities	56,027	1	107,994	1	65,417	1
21XX	Total current liabilities	1,765,092	20	1,357,962	15	1,650,054	17
	Non-current liabilities						
2540	Long-term borrowings (Note 18)	-	-	300,000	3	450,000	5
2570	Deferred tax liabilities (Note 4)	220,053	3	209,100	2	238,533	2
2580	Lease liabilities - non-current (Notes 15 and 30)	30,266	-	33,760	-	34,918	-
2640	Net defined benefit liability - non-current (Notes 4 and 22)	113,124	1	127,716	2	162,097	2
2670	Other non-current liabilities	4,527	-	6,124	-	6,183	-
25XX	Total non-current liabilities	367,970	4	676,700	7	891,731	9
2XXX	Total liabilities	2,133,062	24	2,034,662	22	2,541,785	26
	Equity attributable to owners of the Company (Notes 13 and 23)						
	Share capital						
3110	Common stock	3,975,868	44	3,975,868	43	3,975,868	41
3200	Capital surplus	3,157	-	1,099	-	991	-
	Retained earnings						
3310	Legal reserve	502,038	6	457,804	5	457,804	5
3320	Special reserve	308,061	3	308,061	3	308,061	3
3350	Unappropriated earnings	1,851,608	21	2,254,818	25	2,267,089	23
3300	Total retained earnings	2,661,707	30	3,020,683	33	3,032,954	31
3400	Other equity	224,954	2	208,564	2	214,821	2
3XXX	Total equity	6,865,686	76	7,206,214	78	7,224,634	74
	Total	$ 8,998,748	100	$ 9,240,876	100	$ 9,766,419	100

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

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TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022, AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022.
Unit: In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share

		For The Three Months Ended September 30, 2023		For The Three Months Ended September 30, 2022		For The Nine Months Ended September 30, 2023		For The Nine Months Ended September 30, 2022	
Code		Amount	%	Amount	%	Amount	%	Amount	%
4100	Sales revenue (Notes 21, 24 and 30)	$ 3,980,713	100	$ 4,688,096	100	$ 11,143,463	100	$ 14,239,420	100
5110	Cost of goods sold (Notes 11, 22, 25 and 30)	3,897,343	98	4,329,006	92	10,837,203	97	12,718,118	89
5900	Gross profit	83,370	2	359,090	8	306,260	3	1,521,302	11
	Operating expenses (Notes 10, 22, 25 and 30)								
6100	Selling and marketing expenses	188,019	5	376,032	8	505,653	5	1,090,863	8
6200	General and administrative expenses	53,567	1	43,231	1	149,686	1	142,327	1
6300	Research and development expenses	3,931	-	3,707	-	11,479	-	11,398	-
6450	Expected credit impairment losses (reversal gains)	(1,138)	-	815	-	(1,413)	-	797	-
6000	Total operating expenses	244,379	6	423,785	9	665,405	6	1,245,385	9
6900	Net operating profit (loss)	(161,009)	(4)	(64,695)	(1)	(359,145)	(3)	275,917	2
	Non-operating income and expenses (Notes 7, 13, 16, 25 and 30)								
7100	Interest income	10,105	-	10,643	-	33,280	-	30,488	-
7010	Other income	20,121	1	16,137	-	82,126	1	78,240	-
7020	Other gains and losses	45,990	1	108,108	2	59,399	-	223,891	2
7060	Share of profit or loss of associates accounted for using equity method	(4,129)	-	(20,386)	-	(9,006)	-	1,627	-
7510	Financial costs	(3,933)	-	(2,365)	-	(9,677)	-	(3,703)	-
7000	Total non-operating income and expenses	68,154	2	112,137	2	156,122	1	330,543	2
7900	Profit (Loss) before tax	(92,855)	(2)	47,442	1	(203,023)	(2)	606,460	4
7950	Income tax expense (benefit) (Notes 4 and 26)	(20,832)	-	11,258	-	(42,840)	(1)	151,848	1
8200	Net profit (loss) for the period	(72,023)	(2)	36,184	1	(160,183)	(1)	454,612	3
	Other comprehensive income (Notes 8, 13, 23 and 26)								
8310	Items that will not be reclassified to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	(24,937)	(1)	(30,213)	(1)	(20,405)	-	(166,209)	(1)
8320	Share of other comprehensive income of associates accounted for using equity method - unrealized gain (loss) on investments in equity instruments measured at fair value through other comprehensive income	(1,232)	-	(4,212)	-	(11,884)	-	(38,137)	-
8349	Income tax related to items that will not be reclassified to profit or loss	1	-	(1)	-	1	-	-	-
		(26,168)	(1)	(34,426)	(1)	(32,288)	-	(204,346)	(1)
8360	Items that may be reclassified to profit or loss:								
8361	Exchange differences on translation of foreign financial statements	127,865	3	33,106	1	59,786	-	84,396	-
8371	Share of the other comprehensive income of associates accounted for using equity method - exchange differences on translation of foreign financial statements	4,027	-	891	-	877	-	2,523	-
8399	Income tax relating to items that may be reclassified to profit or loss	(26,030)	-	(6,667)	-	(11,985)	-	(17,055)	-
		105,862	3	27,330	1	48,678	-	69,864	-
8300	Other comprehensive income (loss) for the period (net, after tax)	79,694	2	(7,096)	-	16,390	-	(134,482)	(1)
8500	Total comprehensive income (loss) for the period	$ 7,671	-	$ 29,088	1	($ 143,793)	(1)	$ 320,130	2
	Earnings (Loss) per share (Note 27)								
9710	Basic	($ 0.18)		$ 0.09		($ 0.40)		$ 1.14	
9810	Diluted	($ 0.18)		$ 0.09		($ 0.40)		$ 1.14	

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

(Please refer to the Audit Report by Deloitte & Touche on November 3, 2023)

TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
Unit: In Thousands of New Taiwan Dollars

		Equity attributable to owners of the Company (Notes 13 and 23)												
		Share capital		Capital surplus			Retained earnings				Other equity			
Code		Share (in thousands of shares)	Amount	Long-tern equity investment	Unclaimed dividends	Total	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gain (loss) on financial assets measured 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
	Appropriation of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	184,098	-	(184,098)	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	-	(757,308)	(757,308)	-	-	-	(757,308)
B9	Stock dividends to shareholders	18,933	189,327	-	-	-	-	-	(189,327)	(189,327)	-	-	-	-
T1	Changes in capital surplus	-	-	(1)	-	(1)	-	-	-	-	-	-	-	(1)
D1	Net profit for the nine months ended September 30, 2022	-	-	-	-	-	-	-	454,612	454,612	-	-	-	454,612
D3	Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	-	-	69,864	(204,346)	(134,482)	(134,482)
D5	Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	-	-	454,612	454,612	69,864	(204,346)	(134,482)	320,130
Z1	Balance at September 30, 2022	397,587	$ 3,975,868	$ 552	$ 439	$ 991	$ 457,804	$ 308,061	$ 2,267,089	$ 3,032,954	($ 74,668)	$ 289,489	$ 214,821	$ 7,224,634
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
	Appropriation of 2022 earnings													
B1	Legal reserve	-	-	-	-	-	44,234	-	(44,234)	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	-	(198,793)	(198,793)	-	-	-	(198,793)
T1	Changes in capital surplus	-	-	2,058	-	2,058	-	-	-	-	-	-	-	2,058
D1	Net loss for the nine months ended September 30, 2023	-	-	-	-	-	-	-	(160,183)	(160,183)	-	-	-	(160,183)
D3	Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	-	-	-	-	48,678	(32,288)	16,390	16,390
D5	Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	-	-	-	(160,183)	(160,183)	48,678	(32,288)	16,390	(143,793)
Z1	Balance at September 30, 2023	397,587	$ 3,975,868	$ 2,718	$ 439	$ 3,157	$ 502,038	$ 308,061	$ 1,851,608	$ 2,661,707	($ 61,863)	$ 286,817	$ 224,954	$ 6,865,686

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TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
Unit: In Thousands of New Taiwan Dollars

Code		For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
	Cash flows from operating activities		
A10000	Profit (Loss) before tax for the period	($ 203,023)	$ 606,460
A20010	Adjustments for:		
A20100	Depreciation expenses	158,942	155,106
A20200	Amortization expenses	1,345	1,361
A20300	Expected credit impairment losses (reversal gains)	(1,413)	797
A20400	Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss	(368)	20,884
A20900	Financial costs	9,677	3,703
A21200	Interest income	(33,280)	(30,488)
A21300	Dividend income	(11,884)	(36,705)
A22300	Share of profit or loss of associates accounted for using equity method	9,006	(1,627)
A22500	Disposal of property, plant and equipment	(716)	(2,915)
A23700	(Reversal of) Recognition of loss for inventory falling price and obsolescence	(13,372)	27,571
A29900	Recognition of refund liabilities	5,999	5,774
A30000	Changes in operating assets and liabilities		
A31115	Financial assets measured at fair value through profit or loss	287,927	502,397
A31130	Notes receivable	(89,043)	87,677
A31150	Accounts receivable	(202,391)	434,094
A31160	Accounts receivable from related parties	-	(6,616)
A31180	Other receivables	(22,269)	(44,586)
A31190	Other receivables from related parties	(1,530)	694
A31200	Inventories	14,285	7,452
A31230	Prepayments and other current assets	49,256	(114,726)
A32150	Accounts payable	384,519	(273,805)
A32160	Accounts payable to related parties	(199)	-
A32180	Other payables	7,672	(110,952)
A32190	Other payables to related parties	115	(1,096)
A32230	Other current liabilities	(52,087)	300
A32240	Net defined benefit liability	(14,592)	(24,322)
A33000	Net cash inflow generated from operations	282,576	1,206,432
A33100	Interest received	17,018	34,810

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Code		For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
A33300	Interest paid	($ 9,864)	($ 3,570)
A33500	Income tax paid	(139,828)	(460,727)
AAAA	Net cash flow from operating activities	149,902	776,945
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	-	(3,000)
B00050	Disposal of financial assets measured at amortized cost	2,000	822
B01800	Acquisition of associates	(10,931)	-
B02700	Acquisition of property, plant and equipment	(121,744)	(112,488)
B02800	Disposal of property, plant and equipment	927	9,942
B03700	Increase in refundable deposits	(7,652)	(760)
B03800	Decrease in refundable deposits	36,801	1,818
B05350	Acquisition of right-of-use assets	(200,271)	-
B07600	Dividends received	15,339	65,495
BBBB	Net cash flow used in investing activities	(285,531)	(38,171)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	80,000	-
C00200	Decrease in short-term borrowings	(150,000)	(100,000)
C01600	Proceeds from long-term borrowings	270,000	750,000
C01700	Repayments of long-term borrowings	(300,000)	(600,000)
C03000	Increase in deposits received	(1,658)	-
C04020	Repayments of lease principal	(3,456)	(3,418)
C04300	Increase in other non-current liabilities	-	179
C04500	Payments of cash dividends	(198,793)	(757,308)
C09900	Refund of unclaimed overdue cash dividends	3,136	112
CCCC	Net cash flow used in financing activities	(300,771)	(710,435)
DDDD	Effect of exchange rate changes on cash and cash equivalents	31,020	47,375
EEEE	Net increase (decrease) in cash and cash equivalents for the period	(405,380)	75,714
E00100	Cash and cash equivalents at beginning of period	2,662,088	2,598,283
E00200	Cash and cash equivalents at end of period	$ 2,256,708	$ 2,673,997

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TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. COMPANY HISTORY

Taita Chemical Company, Ltd. (hereinafter referred to as the Company), founded in April 1960, engages primarily 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 Company has become listed on the Taiwan Stock Exchange since 1986. The Company's parent company, USI Corporation, held indirectly 36.79% of the ordinary shares of the Company as of September 30, 2023 and, therefore, 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 November 3, 2023.

3. APPLICATION OF NEWLY ISSUED AND AMENDED STANDARDS AND INTERPRETATIONS

a. The first-time application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (hereinafter collectively as the IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (the FSC).

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

b. FSC-endorsed IFRSs that are applicable from 2024 onward

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Amendments to IFRS 16, Lease Liabilities in a Sale and Leaseback	January 1, 2024 (Note 2)
Amendments to IAS 1, Classification of Liabilities as Current or Non-current	January 1, 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	January 1, 2024
Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements	January 1, 2024 (Note 2)

Note 1: Unless otherwise specified, the aforementioned new/amended/revised standards and interpretations shall be effective for the annual reporting period after the specified dates.

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

Note 3: Certain disclosure requirements are exempted for the initial application of this amendment.

As of the date of issuance of the consolidated financial statements, the Group has continued to assess the effects of these revised standards and interpretations on its financial position and performance. Relevant impacts will be disclosed upon completion of the assessment.

c. IFRSs that have been issued by the IASB but not yet approved and issued into effect by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date of Issuance by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 17, Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17, Initial Application of IFRS 17 and IFRS 9 — Comparative Information	January 1, 2023
Amendment to IAS 21, Lack of Exchangeability	January 1, 2025 (Note 2)

Note 1: Unless otherwise specified, the aforementioned new/amended/revised standards and interpretations shall be effective for the annual reporting period after the specified dates.

Note 2: The amendment prospectively applies to the annual reporting periods beginning on or after January 1, 2025. The effects are recognized in retained earnings at the initial application day in the initial application of this amendment. When the Group uses a non-functional currency as the reporting currency, the effects are recognized in the exchange differences on translation of foreign financial statements under the equity section of the initial application day.

As of the date of issuance of the consolidated financial statements, the Group has continued to assess the effects of these revised standards and interpretations on its financial position and performance. Relevant impacts will be disclosed upon completion of the assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Compliance statement

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

b. Basis of preparation

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

The fair value measurements are grouped into Levels 1 to 3 based on the observability and significance of their input values:

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 adopted by the Group. All intragroup transactions, balances, income, and expenses are eliminated in full upon consolidation.

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

d. Other significant accounting policies

In addition to the following explanations, please refer to the Summary of Significant Accounting Policies in the annual consolidated financial statements for 2022.

1) Defined benefits and post-employment 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 fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

2) Income tax

Income tax expenses are the sum of current income tax and deferred income tax. Income tax for the interim period was 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, ESTIMATIONS AND ASSUMPTIONS

For the explanation of primary sources of uncertainties in material accounting judgments, estimations, and assumptions, please refer to the Summary of Significant Accounting Policies in the annual consolidated financial statements for 2022.

6. CASH AND CASH EQUIVALENTS

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and petty cash	$ 371	$ 371	$ 441
Bank checks and demand deposits	555,275	731,789	680,506
Cash equivalents			
Time deposits	1,681,062	1,784,103	1,713,211
Bonds with reverse repurchase agreements	20,000	145,825	279,839
	$ 2,256,708	$ 2,662,088	$ 2,673,997

The interest rate range of time deposits and bonds with reverse repurchase agreements at the balance sheet date are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits	1.95%～5.52%	1.18%～4.88%	1.93%～2.80%
Bonds with reverse repurchase agreements	1.30%	1.05%～1.35%	0.90%～0.97%

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
－domestic listed (OTC) shares	$ 38,954	$ 22,540	$ 22,582
－foreign unlisted (non-OTC) shares	-	-	-
－fund beneficiary certificates	20,031	333,210	93,060
－beneficiary securities	68,509	59,303	59,040
	$ 127,494	$ 415,053	$ 174,682
Financial liabilities held for trading			
Derivatives (not under hedge accounting)			
－forward foreign exchange contracts	$ -	$ -	$ 1,988

Forward foreign exchange contracts that are not under hedge accounting and have not yet matured at the balance sheet date are as follows (September 30, 2023, and December 31, 2022: None):

	Currency	Maturity period	Contract amount (In Thousands)
September 30, 2022			
Forward foreign exchange sold	USD to TWD	2022.10.27	USD 1,000 /TWD 29,793

The Group engaged in forward foreign exchange transactions from January 1 to September 30, 2022 mainly to avoid the risk of foreign currency assets and liabilities arising from exchange rate fluctuations. The forward foreign exchange contracts held by the Group are not under hedge accounting because they do not meet the effective hedging conditions (for the nine months ended September 30, 2023: None).

The net gains arising from financial assets measured at FVTPL for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, were a net loss of NT$1,970 thousand, a net loss of NT$1,695 thousand, a net gain of NT$3,201, and a net loss of NT$3,001 thousand, respectively. The net losses arising from financial liabilities measured at FVTPL for the three months ended September 30, 2022 and for the nine months ended September 30, 2022 were NT$3,380 thousand and NT$13,205 thousand, respectively (for the three months ended September 30, 2023 and for the nine months ended September 30, 2023: None).

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

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in equity instruments			
Domestic investments			
Ordinary shares of listed (OTC) companies			
- USI Corporation	$ 313,531	$ 333,929	$ 310,509
Ordinary shares of unlisted (non-OTC) companies			
- Harbinger Venture Capital Corp.	6	7	7
Subtotal	313,537	333,936	310,516
Overseas investments			
Common stock of unlisted (non-OTC) companies			
Budworth Investment Ltd.	-	6	6
	$ 313,537	$ 333,942	$ 310,522

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. If short-term fluctuations in the fair value of these investments were recognized in profit or loss, it would not be in line with the Group's strategy of holding these investments for long-term purposes. Therefore, the management chose to designate these investments as measured at fair value through other comprehensive income.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COST - CURRENT

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged certificates of deposit (1)	$ 3,000	$ 5,000	$ 6,000

a. As of September 30, 2023, and December 31 and September 30, 2022, the market rates of interest of pledged certificates of deposit were 1.53%, 1.32%-1.41%, and 0.73%-1.07% per annum, respectively.

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

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable (1)			
Arising from operations	$ 249,996	$ 157,026	$ 174,127
Accounts receivable (1)			
Measured at amortized cost			
Total carrying amount	$ 1,750,575	$ 1,542,964	$ 1,841,522
Less: Allowance for loss	(56,302)	(57,662)	(56,268)
	$ 1,694,273	$ 1,485,302	$ 1,785,254
Accounts receivable from related parties (1) (Note 30)	$ -	$ -	$ 6,616
Other receivables (2)			
Business tax refund receivable	$ 89,543	$ 67,204	$ 137,033
Interest receivable	36,878	19,939	14,391
Others	618	678	2,018
	$ 127,039	$ 87,821	$ 153,442
Other receivables from related parties (Note 30)	$ 4,694	$ 3,158	$ 2,855

a. Notes receivable and accounts receivable

The credit period for sales of merchandise by the Group ranges 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 handle the determination of credit line, approval of credit, and other monitoring procedures to ensure that appropriate action is taken to reclaim past-due receivables. Additionally, the Group has purchased credit insurance or, where necessary, obtained adequate collateral for some receivables, so as 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 the irrecoverable receivables. Prior to accepting a new client, the credit quality of the prospect client is assessed through the internal credit rating system and the credit facilities of the prospect will be set, and the transaction history and financial position of the individual client are regularly reviewed. Through this approach, the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group recognizes loss allowance for accounts receivables based on lifetime expected credit losses. This lifetime expected credit loss is calculated using a provision matrix by reference to the debtor's past default record, current financial position, and the general economic conditions of the industry in which the debtor operates. Additionally, forward-looking information such as GDP forecasts is also taken into account.

The Group writes off an account receivable when evidence indicates that the debtor is in severe financial difficulty and no reasonable recoverable amount can be anticipated by the Group. For written-off accounts receivable, the Group continues collection efforts with the subsequent recovered amounts recognized in profit or loss.

Loss allowances for notes and accounts receivable measured by the provision matrix are as follows:

September 30, 2023

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 7,591	$ 538,417	$ 102,302	$1,352,261	$2,000,571
Loss allowance (lifetime ECL)	-	-	(262)	(56,040)	(56,302)
Amortized cost	$ 7,591	$ 538,417	$ 102,040	$1,296,221	$1,944,269

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

September 30, 2022

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ -	$ 384,765	$ 81,055	$1,556,445	$2,022,265
Loss allowance (lifetime ECL)	-	(1,038)	(253)	(54,977)	(56,268)
Amortized cost	$ -	$ 383,727	$ 80,802	$1,501,468	$1,965,997

Changes in loss allowance for accounts receivable are as follows:

	January 1 to September 30, 2023	January 1 to September 30, 2022
Balance at beginning of period	$ 57,662	$ 55,417
Expected credit impairment losses (reversal gains)	(1,413)	797
Exchange difference	53	54
Ending balance	$ 56,302	$ 56,268

The aging of receivables (including those from related parties) is analyzed as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Not past due	$ 1,921,919	$ 1,594,610	$ 1,913,720
Within 60 days past due	22,703	45,283	39,963
Over 60 days past due	55,949	60,097	68,582
Total	$ 2,000,571	$ 1,699,990	$ 2,022,265

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 September 30, 2022, except that the balance of accounts receivable of specific clients accounted for 14% and 17% of the total notes receivable and accounts receivable as of December 31 and September 30, 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 at each balance sheet date. Since the client base of the Group is broad and unrelated, the concentration of credit risk is limited.

b. Other receivables

Other receivables of the Group as of September 30, 2023 and December 31 and September 30, 2022 have been assessed for impairment loss based on expected credit losses.

11. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Finished goods	$ 489,658	$ 500,216	$ 402,144
Work in process	153,374	130,666	177,973
Raw materials	273,138	277,596	364,890
Supplies	35,983	42,540	46,134
Goods in transit	-	-	344,962
	$ 952,153	$ 951,018	$ 1,336,103

The costs of goods sold related to inventory for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, were NT$3,897,343 thousand, NT$4,329,006 thousand, NT$10,837,203 thousand, and NT$12,718,118 thousand, respectively.

The costs of goods sold included the reversal of inventory falling price loss, which were NT$15,138 thousand and NT$13,372 thousand, respectively, for the three months ended September 30, 2023, and for the nine months ended September 30, 2023.

The costs of goods sold included the recognition of inventor falling price loss, which were NT$1,835 thousand and NT$27,571 thousand, respectively, for the three months ended September 30, 2022, and for the nine months ended September 30, 2022.

12. SUBSIDIARY

Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the consolidated financial statements are listed as follows:

			Percentage of ownership interests and voting rights			
Investor company	Name of subsidiary	Nature of business	September 30, 2023	December 31, 2022	September 30, 2022	Description
The Company	TAITA (BVI) Holding Co., Ltd. （TAITA (BVI)）	Reinvestment	100%	100%	100%	-
TAITA (BVI)	Taita Chemical (Zhongshan) Co., Ltd. (“TTC (ZS)”)	The derivatives from the production and sale of styrene polymer	100%	100%	100%	1.
	Taita Chemical (Tianjin) Co., Ltd. (“TTC (TJ)”)	The derivatives from the production and sale of styrene polymer	100%	100%	100%	2.
	Zhangzhou Taita Chemical Co., Ltd. ("TTC (ZZ)")	The derivatives from the production and sale of styrene polymer	100%	100%	100%	3.

a. As of September 30, 2023, the amount of investment in TTC (ZS) was US$ 43,000 thousand, and the company's surplus was transferred to the capital increase of US$ 3,250 thousand in the fiscal year 2007. As of September 30, 2023, the Company's paid-in capital was US$ 46,250 thousand. TTC (ZS) held a board meeting on October 14, 2021, and resolved to adopt a earnings distribution plan from 2007 to 2020 with a total amount of RMB 306,950 thousand, which was allocated on March 8, 2022.

b. As of September 30, 2023, the amount of investment in Delta Tianjin was US$ 26,000 thousand, and the company's surplus in 2012 was transferred to the capital increase of US$ 1,350 thousand. As of September 30, 2023, the company's paid-in capital was US$ 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 Delta Zhangzhou with an investment of RMB 314,000 thousand through Taita (BVI). Delta Zhangzhou was founded and registered on June 28, 2021, and Taita (BVI) invested RMB 306,950 thousand (US$48,580 thousand) in Delta Zhangzhou 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 EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Individually insignificant associates			
Listed (OTC) company			
China General Plastics Corporation ("CGPC")	$ 191,391	$ 187,231	$ 186,104
Acme Electronics Corporation ("ACME")	42,957	33,466	33,900
Unlisted (non-OTC) company			
China General Terminal & Distribution Corporation ("CGTD")	334,844	355,611	344,839
ACME Electronics (Cayman) Corp.（ACME (Cayman)）	64,038	67,401	66,189
	$ 633,230	$ 643,709	$ 631,032

Aggregate information of individually insignificant associates

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
The ownership stake held by the Group				
Net profit (loss) from continuing operations for the period	($ 4,129)	($ 20,386)	($ 9,006)	$ 1,627
Other comprehensive income	2,795	(3,321)	(11,007)	(35,614)
Total comprehensive income	($ 1,334)	($ 23,707)	($ 20,013)	($ 33,987)

The percentages of ownership interests and voting rights of the Group in associates at the balance sheet date are as follows:

Name of associate	September 30, 2023	December 31, 2022	September 30, 2022
CGPC	1.98%	1.98%	1.98%
ACME	2.34%	2.43%	2.43%
CGTD	33.33%	33.33%	33.33%
ACME（Cayman）	4.42%	5.39%	5.39%

For the business nature, primary business location and country of registration of these associates, please refer to Table 4 “Information on Investees”.

The Board of Directors of ACME resolved to conduct a cash capital increase on June 14, 2022 by issuing 30,000 thousand new shares with a par value of NT$10 per share. Of these new shares, 15% is reserved for subscription by qualified employees of ACME and its subsidiaries. The issue price of this cash capital increase is NT$20 per share, and the reference date for capital increase is January 16, 2023. The Group has subscribed 547 thousand shares according to its original shareholding ratio, with an investment amount of NT$10,931 thousand. The shareholding ratio has decreased from 2.43% to 2.34%.

The Board of Directors of ACME (Cayman) resolved to conduct a cash capital increase on April 24, 2023 by issuing 11,054 thousand new shares with a par value of US$0.1 per share and an issuance premium of US$0.81 per share. The Group was not involved in this cash capital increase and its shareholding ratio decreased from 5.39% to 4.42% thereafter.

Through long-term equity investment, the Group and its affiliates jointly hold more than 20% of the shareholdings of CGPC, ACME, ACME (Cayman) and have significant influence over each entity. Therefore, the Group adopted the equity method to evaluate the above investments.

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

Name of associate	September 30, 2023	December 31, 2022	September 30, 2022
CGPC	$ 286,753	$ 304,027	$ 236,082
ACME	$ 125,538	$ 106,458	$ 130,239

The profit and loss and the shares of other comprehensive income, under the equity method, entitled to the associates and the Group were recognized on the basis of the financial statements of the associates audited by the CPA during the same period, except that the financial statements of China General Terminal & Distribution Co. were not reviewed by the CPA. However, the management of the Group believes that the financial statements of China General Terminal & Distribution Co., which were not reviewed by the CPA, would cause no significant impact.

14. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount by function			
Freehold land	$ 634,432	$ 634,432	$ 634,432
Buildings	273,829	295,790	306,190
Machinery equipment	903,591	927,561	889,822
Transportation equipment	3,341	3,767	4,594
Miscellaneous Equipment	43,743	33,902	33,910
Construction in progress	81,677	65,381	106,990
	$ 1,940,613	$ 1,960,833	$ 1,975,938

Due to the curtailing demand in the local market for foamed polystyrene (EPS), which is the main production of Delta Tianjin, the management of the Group decided to suspend the production of Delta Tianjin from April 2018. Delta Tianjin's properties, plants and equipment (including right-of-use assets) are calculated based on fair value less disposal costs as the recoverable amount. The fair value is measured by an independent valuation company using Level 3 input values on December 31, 2021, and 2022. The valuation is a revaluation of the replacement cost and economically useful life of various properties, plants and equipment within the scope of the valuation. Assessed by the management of the Group, compared with December 31, 2022 and 2021, there was no significant change in the fair value at September 30, 2023 and 2022.

Except for the recognition of depreciation expenses, there was no significant addition, disposal, or impairment of the Group's properties, plants and equipment for the nine months ended September 30, 2023 and 2022. Depreciation charges are set aside on a straight-line basis over their estimated useful lives shown as follows:

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

Some of the property, plant and equipment of the Group have been mortgaged as collateral for the loan amount. Please refer to notes 18 and 31.

15. LEASE AGREEMENTS

a. Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount			
Land	$ 268,011	$ 68,046	$ 69,947

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Addition of right-of-use assets			$ 200,271	$ -
Depreciation expense for right-of-use assets				
Land	$ 2,465	$ 1,458	$ 6,044	$ 4,372

TTC (ZZ) seized the land use right of the Gulei Port Economic Development Zone from the Natural Resources Bureau of Zhangzhou Gulei Port Economic Development Zone for construction of plants in May, 2023, with a lease term of 50 years.

Except for the recognition of addition and depreciation expenses, there was no significant addition, sublease, or impairment of the Group's right-of-assets for the nine months ended September 30, 2023 and 2022. Part of the land use right of the Group has been mortgaged as collateral for loan amount. Please refer to notes 18 and 31.

b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount			
Current	$ 4,652	$ 4,614	$ 4,602
Non-current	$ 30,266	$ 33,760	$ 34,918

As of September 30, 2023, and December 31 and September 30, 2022, the discount rates for the lease liabilities are all 1.10%.

The Group leases land in Linyuan from related for factory use. At the end of the lease term, the Group has no bargain purchase price option for the land leased. Please refer to Note 30 for the disclosure of transactions with related parties.

c. Other lease information

Please refer to Note 16 for the agreement of the Group to lease investment properties as an operating lease.

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Short-term lease expenses	$ 4,587	$ 4,218	$ 12,988	$ 12,982
Lease expenses of low-value assets	$ 5	$ 5	$ 16	$ 15
Total cash outflow for leases	$ 5,845	$ 5,476	$ 16,764	$ 16,757

The Group elected to apply recognition to short-term leases, including offices, machinery equipment, and traffic and transportation equipment, and to low-value assets such as certain miscellaneous equipment. Therefore, related right-of-use assets and lease liabilities were not recognized for these leases.

16. INVESTMENT PROPERTY, NET

	September 30, 2023	December 31, 2022	September 30, 2022
Land	$ 108,178	$ 108,178	$ 108,178

The investment properties of the Group is located in the Singbang Section of the Cianjhen District, and the Linyuan Industrial Park, where the land is designated for industrial use, so the comparable market is inactive and alternative reliable measurements of fair value are not available. Therefore, the fair values of these investment properties are not reliably measurable.

The land of the Cianjhen plant of the Group is leased to CGTD. The rent is agreed upon based on actual leased area, and the monthly charge is NT$1,496 thousand (please refer to Notes 25 and 30).

17. INTANGIBLE ASSETS

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount by function			
Information systems	$ 134	$ 278	$ 332
Factory design expenses	800	2,001	2,401
	$ 934	$ 2,279	$ 2,733

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

Information systems	3-5 years
Factory design expenses	10 years

18. BORROWINGS

a. Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured borrowings			
Line of credit borrowings	$ 350,000	$ 150,000	$ 250,000

The annual interest rates for line of credit borrowings at September 30, 2023, and December 31 and September 30, 2022 were 1.66%-1.69%, 1.32%, and 1.18%-1.30%, respectively.

In addition, TTC (ZS) pledges properties, plants, equipment, and land use rights as collateral for loan amount (please see Notes 14, 15, and 31). The loan amount has not been drawn as of September 30, 2023, and December 31 and September 30, 2022, the loan amount was not used.

b. Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Credit borrowings	$ -	$ 300,000	$ 450,000

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

	September 30, 2023	December 31, 2022	September 30, 2022
Credit borrowings	-	1.35%	1.20%～1.32%

In order to increase mid- and long-term working capital, the Group signed mid- and long-term credit agreements with the bank. As of September 30, 2023, the total of lines of credit amounts to NT$2,300,000 thousand. These credit agreements will successively expire before August 2026, with the total credit line available for revolving use within the validity period.

Some of the Group's loan agreements stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a specified percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the banks concerned. As of September 30, 2023, the Group has not violated the aforementioned financial ratios.

19. ACCOUNTS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable (including related parties)			
Arising from operations	$ 1,032,179	$ 646,426	$ 864,677

The average credit period for accounts payable of the Group is 30 to 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

	September 30, 2023	December 31, 2022	September 30, 2022
Salaries and bonuses payable	$ 85,998	$ 100,171	$ 109,792
Freight charges payable	66,936	75,629	99,694
Utilities payable	40,541	27,022	30,147
Equipment costs payable	30,247	24,858	14,238
Taxes payable	17,685	3,839	5,111
Others	73,590	62,375	65,670
	$ 314,997	$ 297,925	$ 324,652

21. REFUND LIABILITIES - CURRENT

	September 30, 2023	December 31, 2022	September 30, 2022
Sales discounts and allowances	$ 1,124	$ 1,102	$ 988

	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Balance at beginning of period	$ 1,102	$ 897
Provision for the period	5,999	5,774
Actual discounts and allowances for the period	(5,977)	(5,683)
Ending balance	$ 1,124	$ 988

Refund liability refers to potential product returns and discounts based on the management's judgments and other known reasons, and the provision is recognized as a reduction from sales revenue during the relevant product selling period.

22. POST-EMPLOYMENT BENEFIT PLANS

a. Defined contribution plans

The Company applies the pension system under the Labor Pension Act (the LPA), a state-managed defined contribution post-employment plan where 6% of individual employee's monthly salary is allocated as a pension to their individual labor pension account.

The employees of the Group’s subsidiary, TTC (ZS), in mainland China are members of a state-managed retirement benefit plan operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the schemes. The obligation of the Group with respect to this state-managed retirement benefit plan is limited to making specified contributions.

b. Defined benefit plans

The Company establishes its pension system in accordance with the Labor Standards Act, which is a defined benefit plan as administered by the government of the ROC. The pension payment is calculated based on years of service and the average monthly salary for the six months preceeding the approved retirement date. Starting from November 1986, the Company allocates a specific rate (12% currently) of the total monthly salary of employees as pension contribution, which is administered by the Company's Supervisory Committee of Labor Retirement Reserve and deposited in a specialized account at the Bank of Taiwan in the name of the Committee. This specialized account is entrusted to the Bureau of Labor Funds, Ministry of Labor for management, and the Company has no authority to influence the investment policy and strategy.

The pension expenses related to defined benefit plans recognized for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, were calculated based on the actuarially determined pension cost rate on December 31, 2022 and 2021. The amounts recognized in profit or loss by function are summarized as follows:

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Cost of goods sold	$ 802	$ 832	$ 2,405	$ 2,480
Selling and marketing expenses	32	52	96	139
General and administrative expenses	22	39	72	150
Research and development expenses	26	24	74	70
	$ 882	$ 947	$ 2,647	$ 2,839

For the nine months ended September 30, 2023 and 2022, the Company allocated NT$17,238 thousand and NT$27,161 thousand, respectively, to the specialized account at the Bank of Taiwan designated by the Supervisory Committee of Labor Retirement Reserve.

23. EQUITY

a. Ordinary share capital

	September 30, 2023	December 31, 2022	September 30, 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	397,587
Shares issued	$ 3,975,868	$ 3,975,868	$ 3,975,868

The issued ordinary shares have a par value of NT$10 per share, with each share entitled to the right to vote and the right to dividends.

The Company's annual shareholders' meeting resolved to distribute share dividends from earnings by issuing 18,933 thousand new shares for capital increase on May 27, 2022. This 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 to set the reference date for ex rights on August 5, 2022.

b. Capital surplus

Capital surplus arising from share premiums (including those from common stock sold for more than its par value) and donations may be used to offset a deficit. If the Company has no deficit, it may be used to pay cash dividends or capitalized as share capital; however, the capitalization amount shall not exceed a certain percentage of the annual paid-in capital.

Capital surplus arising from unclaimed overdue cash dividends and the exercise of disgorgement right can solely be used to offset a deficit. Capital surplus arising from investments in 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 stipulated in the articles of association, where the Company has earnings after the annual final settlement, the earnings shall first be used for offsetting deficits from prior years. The remaining earnings, of which 10% has been used to set aside legal reserve and a certain amount to set aside or reverse special reserve as required by law, is the annual distributable surplus. This distributable surplus is then combined with the accumulated unappropriated earnings from prior years to become accumulated distributable surplus, which shall be used by the Board of Directors as the basis for proposing an earnings distribution plan. The proposal shall be submitted to the shareholders' meeting for resolution in accordance with statutory procedures, and the shareholders' meeting may, depending on the business situation, determine to retain all or part of the earnings. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, please refer to employees' compensation and remuneration of directors in Note 25-h.

Since the Company operates in a industry at maturity stage, for R&D considerations and diversified operations purpose, the dividends to shareholders shall be no less than 10% of the annual distributable surplus, of which the cash dividends shall be no less than 10% of the total dividends, in accordance with the articles of association of the Company. However, if the annual distributable surplus per share is less than NT$0.1, the Company may choose not to distribute the earnings.

An appropriation of earnings to the legal reserve shall be made until the legal reserve balance reaches the total amount of paid-in capital of the Company. The legal reserve may be used to offset deficits. Where the Company incurs no loss, the portion of legal reserve exceeding 25% of the total paid-in capital may be capitalized as share capital and also distributed in cash.

The Company sets aside and reverses special reserve under FSC Certificate No. 1090150022 and the directives stated in Q&A for Special Reserve Allocation after Adoption of IFRSs.

The earnings distribution proposals for 2022 and 2021 have been resolved through shareholders' meetings respectively on May 30, 2023 and Ma 27, 2022 and presented as follows:

	Earnings distribution plans		Dividends Per Share (TWD)	
	2022	2021	2022	2021
Legal reserve	$ 44,234	$ 184,098		
Cash dividends	198,793	757,308	$ 0.5	$ 2.0
Stock dividends	-	189,327	-	0.5

d. Special reserve

The Company shall set aside special reserve on its first-time adoption of IFRSs as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Special reserve	$ 308,061	$ 308,061	$ 308,061

The amount of unrealized revaluation increments and cumulative translation adjustment transferred to retained earnings were NT$279,270 thousand and NT$160,233 thousand, respectively. Since the increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve allocation, the Company appropriated a special reserve in the amount of NT$308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of September 30, 2023, there were no changes in the special reserve.

e. Other equity items

1) Exchange Differences on Translating the Financial Statements of Foreign Operations

	For The Nine Months Ended September 30, 2023	For The Three Months Ended September 30, 2022
Balance at beginning of period	($ 110,541)	($ 144,532)
Incurred for the period		
Exchange differences on translation of foreign financial statements	59,786	84,396
Share from associates accounted for using equity method	877	2,523
Related income tax	(11,985)	(17,055)
Ending balance	($ 61,863)	($ 74,668)

Exchange differences on translating net assets of foreign operations from their functional currency into the Group's presentation currency, the New Taiwan dollar. The resulting exchange differences are recognized in other comprehensive income as exchange differences on translation of foreign financial statements.

2) Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income

	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Balance at beginning of period	$ 319,105	$ 493,835
Incurred for the period		
Unrealized gain or loss		
Equity instruments	(20,405)	(166,209)
Share from associates accounted for using equity method	(11,884)	(38,137)
Related income tax	1	-
Ending balance	$ 286,817	$ 289,489

24. REVENUE

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Revenue from contracts with customers				
Revenue from sale of goods	$ 3,980,713	$ 4,688,096	$11,143,463	$14,239,420

Please refer to Note 35 for segment revenue and operating results of main products.

25. PROFIT BEFORE TAX

a. Interest income

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Cash and cash equivalents	$ 10,046	$ 10,593	$ 31,559	$ 29,143
Financial assets measured at fair value through profit or loss (Note 7)	-	-	1,526	1,215
Others	59	50	195	130
	$ 10,105	$ 10,643	$ 33,280	$ 30,488

b. Other income

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Operating lease income (Notes 16 and 30)	$ 8,347	$ 10,953	$ 26,316	$ 33,036
Government subsidies	-	-	25,919	513
Dividend income				
Financial assets measured at fair value through profit or loss (Note 7)	930	1,331	1,307	3,463
Financial assets measured at fair value through other comprehensive income	-	-	10,577	33,242
Others	10,844	3,853	18,007	7,986
	$ 20,121	$ 16,137	$ 82,126	$ 78,240

c. Other gains and losses

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Gain (loss) on financial assets at fair value through profit or loss (Note 7)	($ 2,900)	($ 3,026)	$ 368	($ 7,679)
Loss on financial assets at fair value through profit or loss (Note 7)	-	(3,380)	-	(13,205)
Net exchange gain	49,318	112,813	62,909	247,153
Disposal of property, plant and equipment	689	3,307	716	2,915
Expenses for leasing assets	(1,130)	(1,433)	(3,946)	(4,407)
Others	13	(173)	(648)	(886)
	$ 45,990	$ 108,108	$ 59,399	$ 223,891

d. Exchange gains and losses

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Total exchange gains	$ 63,301	$ 143,836	$ 139,464	$ 340,582
Total exchange losses	(13,983)	(31,023)	(76,555)	(93,429)
Net profit (loss)	$ 49,318	$ 112,813	$ 62,909	$ 247,153

e. Financial costs

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Interest on bank loans	$ 3,835	$ 2,282	$ 9,492	$ 3,422
Interest on lease liabilities (Note 30)	98	111	304	342
Less: amount of capitalization of interest (recognized in construction in progress)	-	(28)	(119)	(61)
	$ 3,933	$ 2,365	$ 9,677	$ 3,703

Information about capitalization of interest is as follows:

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Amount of capitalization of interest	$ -	$ 28	$ 119	$ 61
Interest rate for capitalization of interest	-	0.85%～1.24%	1.50%～1.65%	0.85%～1.24%

f. Depreciation and amortization

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Property, plant and equipment	$ 51,050	$ 50,312	$ 152,898	$ 150,734
Right-of-use assets (Note 15)	2,465	1,458	6,044	4,372
Intangible assets	437	453	1,345	1,361
Total	$ 53,952	$ 52,223	$ 160,287	$ 156,467
Aggregate depreciation expenses by function				
Cost of goods sold	$ 50,181	$ 49,090	$ 149,726	$ 147,021
Operating expenses	2,969	2,017	7,624	5,983
Other gains and losses	365	663	1,592	2,102
	$ 53,515	$ 51,770	$ 158,942	$ 155,106
Aggregate amortization expenses by function				
Cost of goods sold	$ 400	$ 399	$ 1,201	$ 1,200
General and administrative expenses	37	54	144	161
	$ 437	$ 453	$ 1,345	$ 1,361

g. Employee benefit expenses

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Post-employment benefits (Note 22)				
Defined contribution plans	$ 5,368	$ 5,334	$ 15,988	$ 17,097
Defined benefit plans	882	947	2,647	2,839
	6,250	6,281	18,635	19,936
Insurance expenses	8,823	8,797	26,949	27,978
Other employee benefits	117,584	116,859	357,856	395,908
Total employee benefit expenses	$ 132,657	$ 131,937	$ 403,440	$ 443,822
Aggregate employee benefit expenses by function				
Operating costs	$ 107,885	$ 104,693	$ 322,769	$ 357,611
Operating expenses	24,772	27,244	80,671	86,211
	$ 132,657	$ 131,937	$ 403,440	$ 443,822

h. Employees' compensation and remuneration of directors

According to articles of association, the Company, if there is profit for the year, shall set aside no less than 1% of the profit as employees' compensation and no more than 1% of the profit as remuneration of directors. However, if the Company has accumulated deficit from prior years, an amount of the profit shall be reserved for offsetting the accumulated deficit. The employees' compensation can be paid in shares or in 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 September 30, 2022 and for the nine months ended September 30, 2022, are as follows:

Estimated percentage

	For The Nine Months Ended September 30, 2022
Employees' compensation	1%
Remuneration of directors	-

Amount

	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2022
Employees’ compensation	$ 511	$ 6,068
Remuneration of directors	$ -	$ -

The employees’ compensation and remuneration of directors for the three months ended September 30 and for the nine months ended September 30, 2023, were not estimated and provisioned due to deficits.

If there are changes in the amounts after the annual consolidated financial statements are authorized for issue, the differences shall be treated as changes in accounting estimates and will be adjusted in the following year.

The employees’ compensation and remuneration of directors for the years 2022 and 2021 were resolved on March 3, 2023, and March 9, 2022, respectively, by the Board of Directors as follows:

	2022		2021	
	Contribution rate	Amount	Contribution rate	Amount
Employees’ compensation	1%	$ 5,524	1%	$ 23,534
Remuneration of directors	-	$ -	-	$ -

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

Information on employees’ compensation and remuneration of directors resolved by the Company’s Board of Directors is available on 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 are as follows:

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Current income tax				
Incurred during the period	($ 875)	$ 4,339	$ 5,794	$ 99,079
Income tax on unappropriated earnings	-	-	-	35,512
Adjustments for prior years	-	-	(1,762)	(4,235)
	(875)	4,339	4,032	130,356
Deferred income tax				
Incurred during the period	(19,957)	6,915	(48,057)	21,485
Adjustments for prior years	-	-	1,185	7
	(19,957)	6,915	(46,872)	21,492
Income tax expense (benefit) recognized in profit or loss	($ 20,832)	$ 11,258	($ 42,840)	$ 151,848

b. Income tax recognized in other comprehensive income

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Deferred income tax				
Incurred for the period				
- Exchange differences on translation of foreign financial statements	($ 26,030)	($ 6,667)	($ 11,985)	($ 17,055)
- Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	1	(1)	1	-
Income tax recognized in other comprehensive income	($ 26,029)	($ 6,668)	($ 11,984)	($ 17,055)

c. Income tax assessments

The filing of profit-seeking enterprise income tax return of the Company has been approved by the tax collection authority until the fiscal year 2021.

d. Income tax related to subsidiaries are as follows:

1) Taita (BVI) is exempt from income tax for the nine months ended September 30, 2023 and 2022, as a result of applicable tax reduction and exemption benefits provided by the local government .

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 September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Basic earnings (losses) per share	($ 0.18)	$ 0.09	($ 0.40)	$ 1.14
Diluted earnings (losses) per share	($ 0.18)	$ 0.09	($ 0.40)	$ 1.14

The earnings (losses) and weighted average number of ordinary shares used to calculate earnings (losses) per share are as follows:

Net profit (loss) for the period

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
The net profit (loss) used to calculate basic and diluted earnings (losses) per share	($ 72,023)	$ 36,184	($ 160,183)	$ 454,612

Number of shares

Unit: in thousands of shares

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
The weighted average number of ordinary shares used to calculate basic earnings per share	397,587	397,587	397,587	397,587
Effect of dilutive potential ordinary shares:				
Employees' compensation	-	282	-	464
The weighted average number of ordinary shares used to calculate diluted earnings per share	397,587	397,869	397,587	398,051

In situation where the Group may opt to pay employees' compensation either in shares or in cash, the diluted earnings per share is calculated on the assumption that the compensation is paid in shares, with the weighted average number of outstanding shares included in the calculation when the potential ordinary share is dilutive. The dilutive effect of the potential ordinary share shall continue to be taken into account in the following year when calculating diluted earnings per share prior to the resolution of the number of shares to be distributed as employees' compensation. Since there were both losses for the three months ended September 30, 2023 and for the nine months ended September 30, 2023, the equivalent issue shares of employees' compensation had anti-dilutive effect and were not included in the calculation of diluted losses per share.

28. CAPITAL RISK MANAGEMENT

The Group conducts capital management to ensure continued operation of each business within the Group. On this premise, the Group aims to maximize the return to shareholders through optimization of the balance of debt and equity. 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 its capital structure. The review takes into consideration the costs of all sorts of capital and related risks. The Group finds balance in its overall capital structure by paying dividends, raising new debt, or repaying old debt, on the recommendation of its senior management.

29. FINANCIAL INSTRUMENTS

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

The Group's management believes that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate the fair value, or the fair value cannot be measured appropriately.

b. Information on fair value - financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Investments in equity instruments				
－ domestic listed (OTC) shares	$ 38,954	$ -	$ -	$ 38,954
－ foreign unlisted (non-OTC) shares	-	-	-	-
Fund beneficiary certificates	20,031	-	-	20,031
Beneficiary securities	68,509	-	-	68,509
Total	$ 127,494	$ -	$ -	$ 127,494
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
－ domestic listed (OTC) shares	$ 313,531	$ -	$ -	$ 313,531
－ domestic unlisted (non-OTC) shares	-	-	6	6
－ foreign unlisted (non-OTC) shares	-	-	-	-
Total	$ 313,531	$ -	$ 6	$ 313,537

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Investments in equity instruments				
— domestic listed (OTC) shares	$ 22,540	$ -	$ -	$ 22,540
— foreign unlisted (non-OTC) shares	-	-	-	-
Fund beneficiary certificates	333,210	-	-	333,210
Beneficiary securities	59,303	-	-	59,303
Total	$ 415,053	$ -	$ -	$ 415,053
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
— domestic listed (OTC) shares	$ 333,929	$ -	$ -	$ 333,929
— domestic unlisted (non-OTC) shares	-	-	7	7
— foreign unlisted (non-OTC) shares	-	-	6	6
Total	$ 333,929	$ -	$ 13	$ 333,942

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Investments in equity instruments				
— domestic listed (OTC) shares	$ 22,582	$ -	$ -	$ 22,582
— foreign unlisted (non-OTC) shares	-	-	-	-
Fund beneficiary certificates	93,060	-	-	93,060
Beneficiary securities	59,040	-	-	59,040
Total	$ 174,682	$ -	$ -	$ 174,682
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
— domestic listed (OTC) shares	$ 310,509	$ -	$ -	$ 310,509
— domestic unlisted (non-OTC) shares	-	-	7	7
— foreign unlisted (non-OTC) shares	-	-	6	6
Total	$ 310,509	$ -	$ 13	$ 310,522
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	$ -	$ 1,988	$ -	$ 1,988

For the nine months ended September, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements of financial assets.

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

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

Financial assets	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Balance at beginning of period	$ 13	$ 13
Recognized in other comprehensive income (unrealized gain or loss on financial assets measured at fair value through other comprehensive income)	(7)	-
Ending balance	$ 6	$ 13

3) Valuation techniques and input values for Level 2 fair value measurement

Financial Instruments	Valuation techniques and Input values
Derivatives - forward foreign exchange contracts	Discounted cash flow analysis: 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 input values 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 September 30, 2023, and December 31 and September 30, 2022, is a liquidity discount of 15%.

c. Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets			
Measured at fair value through profit or loss — mandatorily classified as at fair value through profit or loss	$ 127,494	$ 415,053	$ 174,682
Financial assets measured at amortized cost (Note 1)	4,274,146	4,390,550	4,689,053
Financial assets at fair value through other comprehensive income - investments in equity instruments	$ 313,537	$ 333,942	$ 310,522
Financial liabilities			
Financial liabilities at fair value through profit or loss—held for trading	-	-	1,988
Measured at amortized cost (Note 2)	1,598,702	1,295,434	1,780,125

Note 1: The balance includes cash and cash equivalents, pledged 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.

Note 2: The balance includes short- and long-term borrowings, accounts payable (including related parties), other payables (including related parties, excluding taxes payable), and other financial liabilities measured at amortized cost.

d. Financial risk management objectives and policies

The risk control and hedging strategy adopted by the Group are subject to the operating environment. Nevertheless, the Group has implemented proper risk management and control procedures based on business nature in accordance with the principle of risk diversification. These risks include market risks (such as exchange rate risk, interest rate risk, and other price risk), credit risks, and liquidity risk.

1) Market risk

The main market risks facing the Group due to its business activities are risks of changing exchange rates, changing interest rates, and changing other prices.

No changes occurred in the Group's exposure to the market risk of financial instruments or its management and measurement of this risk exposure.

a) Exchange rate risk

The Group conducts sales and purchases denominated in foreign currency and, therefore, exposes itself to the exchange rate risk. In order to avoid decreases in the value of foreign currency assets and fluctuations in future cash flows due to changing exchange rates, the Group hedges the exchange rate risk by holding foreign currency assets and liabilities and making forward contracts based on foreign currency net positions. The use of forward foreign exchange contracts are regulated by the relevant policy authorized by the Board of Directors of the Group. The compliance with the policy and risk exposure limits are continually reviewed by internal auditors. The Group does not participate in forward contract transactions for speculative purpose.

For the carrying amounts of monetary assets and liabilities denominated in non-functional currency at the balance sheet date (including the written-off monetary items denominated in non-functional currency in the consolidated financial statements), please refer to Note 33. The carrying amounts of derivatives exposed to exchange rate risk are set out in Note 7.

<u>Sensitivity analysis</u>

The sensitivity analysis of the exchange rate risk conducted by the Group mainly focuses on the calculation for monetary items of foreign currency (primarily the USD items) at 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$23,584 thousand in the three months ended September 30, 2023; and net profit before tax will decrease/increase by NT$36,218 thousand in the three months ended September 30, 2022, respectively.

In the management's opinion, this sensitivity analysis bases its calculation on the amount of foreign currency risk exposure at the balance sheet date and, therefore, can not reflect the mid-year risk exposure situation.

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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
－Financial assets	$ 1,717,796	$ 1,987,287	$ 2,017,845
－Financial liabilities	334,918	338,374	739,520
Cash flow interest rate risk			
－Financial assets	552,964	732,984	679,466
－Financial liabilities	50,000	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$1,886 thousand and NT$2,548 thousand in net loss before tax for the Group's nine months ended September 30, 2023 and 2022.

c) Other price risk

The Group was exposed to price risk through its investments in domestic listed/OTC shares, foreign and domestic unlisted/non-OTC 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 dedicated 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 September 30, 2023 will increase/decrease by NT$5,373 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 September 30, 2022 will increase/decrease by NT$4,081 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 September 30, 2023 and 2022 will increase/decrease by NT$15,677 thousand and NT$15,526 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 September 30 and December 31, 2022, accounted for 17% 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.

September 30, 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	-	$ 1,248,702	$ -	$ -
Lease liabilities	1.10	5,013	20,052	11,279
Floating interest rate liabilities	1.69	50,012	-	-
Fixed interest rate liabilities	1.66	300,396	-	-
		$ 1,604,123	$ 20,052	$ 11,279

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years
Lease liabilities	$ 5,013	$ 20,052	$ 11,279

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

Further information on the maturity analysis of lease liabilities is as follows:

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

September 30, 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	-	$ 1,080,125	$ -	$ -
Lease liabilities	1.10	5,013	20,052	16,292
Fixed interest rate liabilities	1.24	255,752	454,794	-
		$ 1,340,890	$ 474,846	$ 16,292

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1-5 years	5-10 years
Lease liabilities	$ 5,013	$ 20,052	$ 16,292

b) Financing limit

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

	September 30, 2023	December 31, 2022	September 30, 2022
Bank loan limit			
－Amount unused	$ 5,529,078	$ 6,102,770	$ 5,577,333

30. RELATED PARTY TRANSACTIONS

The Company's ultimate parent company is USI Corporation, which held 36.79% of the ordinary shares of the Company as of September 30, 2023, and December 31 and September 30, 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. Related parties and their relationship with the Group

Name of related party	Relationship with the Group
USI Corporation ("USI")	Ultimate parent company
China General Plastics Corporation ("CGPC")	Associate
Continental General Plastics (Zhongshan) Co., Ltd.	Associate
CGPC Consumer Products Corporation	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation ("TVCM")	Associate
Global Green Technology Corporation	Associate
China General Terminal & Distribution 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 Corporation ("UM")	Fellow subsidiary
USI Education Foundation ("USIF")	Substantive related party

b. Sales

Related party category/name	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Ultimate parent company	$ -	$ 9,100	$ 7,947	$ 10,010

The payment term for the Group's sales of goods to related parties is 30 days after delivery, and there is no significant difference in the transaction terms and prices from those in general markets.

c. Purchases

Related party category/name	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Associate	$ 968	$ 566	$ 1,914	$ 1,135
Fellow subsidiary	98	109	274	216
Ultimate parent company	-	-	1,703	-
	$ 1,066	$ 675	$ 3,891	$ 1,351

The payment term for the Group's purchases of goods from related parties is 30 days after acceptance, and there is no significant difference in the transaction terms and prices from those in general markets.

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

Related party category/name	September 30, 2023	December 31, 2022	September 30, 2022
Ultimate parent company	$ -	$ -	$ 6,616

The outstanding accounts receivable from related parties are unsecured, and the evaluation indicates that the recognition of the loss allowance is not required.

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

Related party category/name	September 30, 2023	December 31, 2022	September 30, 2022
Associate	$ 406	$ 630	$ -
Fellow subsidiary	52	27	28
	$ 458	$ 657	$ 28

The outstanding accounts payable to related parties are not overdue and collateralized.

f. Other related party transactions

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

Related party category/name	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Associate				
CGTD	$ 4,648	$ 6,035	$ 14,104	$ 17,937
TVCM	1,824	2,408	5,471	7,226
	6,472	8,443	19,575	25,163
Fellow subsidiary	130	65	196	196
Ultimate parent company	-	-	-	487
	$ 6,602	$ 8,508	$ 19,771	$ 25,846

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 September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Ultimate parent company				
USI	$ 1,271	$ 1,314	$ 3,793	$ 3,939
Fellow subsidiary				
APC	494	439	1,312	1,558
Associate	360	362	1,079	1,091
	$ 2,125	$ 2,115	$ 6,184	$ 6,588

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	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities - current			
Fellow subsidiary			
APC	$ 4,652	$ 4,614	$ 4,602
Lease liabilities - non-current			
Fellow subsidiary			
APC	$ 30,266	$ 33,760	$ 34,918

Related party category/name	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Total lease payment				
Fellow subsidiary				
APC	$ 1,253	$ 1,253	$ 3,760	$ 3,760
Interest expenses				
Fellow subsidiary				
APC	$ 98	$ 111	$ 304	$ 342

The Group leases land in Linyuan for factory use from APC and pays the rent on a monthly basis.

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

Related party category/name	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Associate				
CGTD	$ 2,555	$ 3,064	$ 9,210	$ 8,078

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 September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Ultimate parent company				
USI	$ 1,364	$ 816	$ 3,411	$ 2,194

6) Management service expenses (classified as administrative expenses)

Related party category/name	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Fellow subsidiary				
UM	$ 19,215	$ 15,664	$ 55,353	$ 54,526

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

7) Donation expenses (classified as general and administrative expenses)

Related party category/name	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Substantive related party				
USIF	$ -	$ -	$ -	$ 5,000

8) Miscellaneous expenses (classified as cost of goods sold and administrative expenses)

Related party category/name	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Associate	$ 334	$ 764	$ 1,433	$ 1,441
Fellow subsidiary	-	1,621	-	1,621
	$ 334	$ 2,385	$ 1,433	$ 3,062

9) Acquisition of property, plant and equipment

	Acquisition proceeds			
Related party category/name	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Ultimate parent company USI	$ 750	$ -	$ 2,270	$ -

10) Disposal of equipment (January 1 to September 30, 2023: None.)

	Disposals proceeds		Gain (loss) on disposal	
Related party category/name	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2022	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2022
Ultimate parent company USI	$ -	$ 6,588	$ -	$ -

11) Commission expenses

Related party category/name	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Fellow subsidiary	$ 208	$ 16	$ 255	$ 77

12) Other receivables

Related party category/name	September 30, 2023	December 31, 2022	September 30, 2022
Associate	$ 3,186	$ 1,961	$ 1,919
Ultimate parent company	1,432	1,086	857
Fellow subsidiary	76	111	79
	$ 4,694	$ 3,158	$ 2,855

Other receivables mainly include rents, management service expenses, and advance expenses.

13) Other payables

Related party category/name	September 30, 2023	December 31, 2022	September 30, 2022
Associate	$ 2,542	$ 3,458	$ 2,700
Ultimate parent company	1,821	578	533
Fellow subsidiary	846	1,058	2,466
	$ 5,209	$ 5,094	$ 5,699

Other payables included storage tank operating expenses, rents, and shared departmental expenses.

g. Remuneration of key management personnel

Total remuneration for the Directors and other key management personnel is as follows:

	For The Three Months Ended September 30, 2023	For The Three Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Salaries and others	$ 3,445	$ 3,923	$ 11,443	$ 11,933
Post-employment benefits	54	54	162	162
	$ 3,499	$ 3,977	$ 11,605	$ 12,095

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

31. ASSETS PLEDGED OR MORTGAGED AS COLLATERAL

The following assets of the Group have been pledged 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):

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged certificates of deposit			
－Classified as financial assets at amortized cost - current	$ 3,000	$ 5,000	$ 6,000
－Classified as other assets - non-current	16,734	16,734	16,619
Property, plant and equipment, net	14,672	15,807	16,509
Land use rights			
－Classified as right-of-use assets	19,875	20,099	20,587
	$ 54,281	$ 57,640	$ 59,715

32. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, the Group has material contingent liabilities and unrecognized contractual commitments at end of the reporting period as follows:

a. As of September 30, 2023, and December 31 and September 30, 2022, the balance of unused letters of credit issued by the Group was NT$88,121 thousand, NT$60,000 thousand, and NT$38,467 thousand, respectively.

b. Explanation for the Kaohsiung gas explosion incident:

   The invested company, China General Terminal & Distribution Co., (hereinafter referred to as CGTD), under the adoption of the equity method by the Group, was entrusted to the operation of the propylene pipeline of LCY Chemical Corporation (hereinafter referred to as LCY Chemical Corp.) And the gas explosion of the propylene pipeline occurred on the evening of July 31, 2014, and the criminal part of the gas explosion case was dismissed by the Supreme Court on September 15, 2021, and three employees of CGTD were acquitted.

   On February 12, 2015, CGTD reached an agreement with the Kaohsiung City Government to provide pledging certificates of bank deposits of NT$230,183 thousand, including interest, to the Kaohsiung City Government as collateral for the loss caused by the gas explosion. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan (“CPC”). Taiwan Power Company applied to the court for sequestration of CGTD's property on August 27 and November 26, 2015 and CGTD has deposited cash of NT$99,207 thousand to the court to avoid sequestration. Taiwan Water Corporation also applied to the court for false seizure of CGTD's property on February 3 and March 2, 2017 respectively. As of October 27, 2023, the value of the seized assets of China General Terminal & Distribution Co. was about NT$9,388 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 NT$12,000 thousand, totaling NT$384,000 thousand of compensation. The compensation was advanced by LCY Chemical Corp., who was in charge of negotiating the compensation with the victims’ families and signing the settlement agreement on behalf of the three parties involved. 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 October 27, 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 NT$136,375 thousand, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

33. INFORMATION ON FOREIGN CURRENCY ASSETS AND LIABILITIES WITH MATERIAL IMPACT

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. Information on foreign currency assets and liabilities with material impact is as follows:

September 30, 2023

	Foreign currency	Exchange rate		Functional currency	TWD
Foreign currency assets					
Monetary items					
USD	$ 56,236	32.2700	(USD: TWD)	$1,814,724	$1,814,724
AUD	400	20.5500	(AUD: TWD)	8,216	8,216
EUR	169	33.9100	(EUR: TWD)	5,730	5,730
HKD	697	4.1230	(HKD: TWD)	2,875	2,875
CNY	288	0.1393	(CNY: USD)	40	1,293
Foreign currency liabilities					
Monetary items					
USD	22,696	32.2700	(USD: TWD)	732,397	732,397
USD	9,178	7.1798	(USD: CNY)	65,898	296,183
JPY	5,360	0.2162	(JPY: TWD)	1,159	1,159

December 31, 2022

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

September 30, 2022

Foreign currency assets	Foreign currency	Exchange rate		Functional currency	TWD
Monetary items					
USD	$ 64,948	31.7500	(USD: TWD)	$2,062,101	$2,062,101
HKD	1,040	4.0440	(HKD: TWD)	4,204	4,204
CNY	287	0.1409	(CNY: USD)	40	1,286
Foreign currency liabilities					
Monetary items					
USD	17,723	31.7500	(USD: TWD)	562,717	562,717
USD	9,201	7.0998	(USD: CNY)	65,323	292,127
Non-monetary items					
Derivative instruments					
USD	1,000	31.7500	(USD: TWD)	1,988	1,988

The net profit and loss (including the realized and unrealized) on foreign currency exchange of the Group for the three months ended September 30 and for the nine months ended September 30, 2023 and 2022 were NT$49,318 thousand, NT$112,813 thousand, NT$62,909 thousand, and NT$247,153 thousand, respectively. 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. NOTES DISCLOSURE

a. Information on material transactions:

1) Lending funds to others. (None)

2) Providing endorsements or guarantees for others. (Table 1)

3) Holding of securities at the end of the period (excluding investments in a subsidiary or an associate). (Table 2)

4) Aggregate purchases or sales of the same securities reaching NT$300 million or 20% of paid-in capital or more. (None)

5) Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more. (None)

6) Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more. (None)

7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more. (None)

8) Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more. (Table 3)

9) Trading in derivative instruments. (None)

10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and amounts of any significant transactions between them. (Table 6)

b. Information on investees. (Table 4)

c. Information on investments in mainland China:

1) Name of investees, principal business activities, paid-in capital, investment methods, capital remittance and repatriation, percentage of ownership, profit (loss) on investments, carrying amounts of investments at end of the period, repatriation of investment income, and maximum limits on the amount of investments in mainland China. (Table 5)

2) Material 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 are as follows:

a) The amount and percentage of purchases and the ending balance and percentage of the related payables. (None)

b) The amount and percentage of sales and the ending balance and percentage of the related receivables. (None)

c) The amount of property transactions and the amount of the resultant gains or losses. (None)

d) The ending balance of negotiable instrument endorsements or guarantees or pledges of collateral and the purposes. (Table 1)

e) The highest balance, ending balance, 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 period or on the financial position, such as the rendering or receiving 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

The information provided by the Group for the main operating decision maker for segmental resource allocation and performance assessment focuses on the categories of products in each delivery or provision. According to IFRS 8 “Operating Segments”, the Group should disclose the segment information of styrenic products and glasswool products (including flexography).

Segment revenue and operating results

The revenue and operating results of continuing operations of the Group are analyzed by reportable segments as follows:

	Segment revenue		Segment gains (losses)	
	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022	For The Nine Months Ended September 30, 2023	For The Nine Months Ended September 30, 2022
Styrenic products	$10,753,375	$13,835,939	($ 401,887)	$ 248,935
Glasswool products (including flexography).	390,088	403,481	42,742	26,982
Total amount from continuing operations	$11,143,463	$14,239,420	(359,145)	275,917
Interest income			33,280	30,488
Other income			82,126	78,240
Other gains and losses			59,399	223,891
Share of profit or loss of associates accounted for using equity method			(9,006)	1,627
Financial costs			(9,677)	(3,703)
Net profit (loss) before tax of continuing operations			($ 203,023)	$ 606,460

The revenue reported above arose from the transactions with external customers. There were no intersegment transactions for the nine months ended September 30, 2023 and 2022.

Segment revenue (losses) refers to the profit earned by each segment, excluding interest income, other income, other gains and losses, financial costs, and the shares of profit or loss of associates accounted for using equity method. This measured amount is for the chief operating decision maker to allocate resources to each segment and assess their performance.

Since the segment information reported to the chief operating decision maker does not include assets of individual segments, nor does it include the measured amount of the operating segment's assets in the financial information.

TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

PROVIDING ENDORSEMENTS OR GUARANTEES FOR OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on endorsement/guarantee amount for each endorsee/guarantee company (Note 2)	Maximum ending balance of endorsement/guarantee for the period (Note 1)	Ending balance of endorsement/guarantee (Note 1)	Amount actually drawn	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee amount to net equity in latest financial statements (%)	Maximum endorsement/guarantee amount allowable (Note 2)	Endorsement/ Guarantee given by the parent to subsidiaries	Endorsement/ Guarantee given by subsidiaries to the parent	Endorsement/ Guarantee given to entities in mainland China
		Name of associate	Relationship										
0	Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd.	Subsidiary with 100% voting shares directly owned by the Company	$ 6,865,686	$ 193,620 (US$6,000 thousand)	$ 96,810 (US$3,000 thousand)	$ -	$ -	1.41%	$ 10,298,529	Yes	No	No
0	Taita Chemical Company, Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	Subsidiary with 100% voting shares directly owned by the Company's subsidiary	6,865,686	359,568 (RMB 80,000 thousand)	224,730 (RMB 50,000 thousand)	-	-	3.27%	10,298,529	Yes	No	Yes

Note 1: Calculated based on the spot exchange rate as of September 30, 2023.

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

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

TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD AT END OF THE PERIOD
SEPTEMBER 30, 2023
Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Holding company	Type and name of marketable securities	Relationship with the securities issuer	Account items	End of period				Notes
				Shares/Units	Carrying amount	Percentage of ownership (%)	Fair value	
Taita Chemical Company, Ltd.	Stock							
	USI Corporation	Ultimate parent company	Financial assets measured at fair value through other comprehensive income - non-current	15,109,901	$ 313,531	1.27%	$ 313,531	Note 1
	Harbinger Venture Capital Corporation	—	〃	990	6	0.50%	6	Note 3
	Taiwan Cement Corporation	—	Financial assets at FVTPL - current	300,000	9,975	-	9,975	Note 1
	UPC Technology Corporation	—	〃	282,000	4,188	0.02%	4,188	Note 1
	China Steel Corporation	—	〃	350,000	8,837	-	8,837	Note 1
	Tung Ho Steel Enterprise Corp.	—	〃	91,500	5,554	0.01%	5,554	Note 1
	Hon Hai Precision Industry Co., Ltd.	—	〃	100,000	10,400	-	10,400	Note 1
	Fund beneficiary certificates							
	SinoPac 1699 Money Market Fund	—	Financial assets at FVTPL - current	1,405,244	20,031	-	20,031	Note 2
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at FVTPL - current	3,838,000	68,509	-	68,509	Note 1
	Stock							
TAITA (BVI) Holding Co., Ltd.	Budworth Investment Ltd.	—	Financial assets measured at fair value through other comprehensive income - non-current	20,219	- (US$ thousand)	2.22%	- (US$ thousand)	Note 4
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.74%	-	Note 4
	Sohoware Inc. - preferred shares	—	〃	100,000	-	-	-	Note 4

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

Note 2: The fair value is calculated based on the net asset value of each fund on the last trading day of September 2023.

Note 3: The fair value is measured through the asset-based approach, taking into account the most recent net asset value and observable financial and operating status of the inve stee.

Note 4: As of September 30, 2023, the Group measured the fair value of the equity instrument to be NT$0.

TABLE 3

TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES REACHING NT$100 MILLION OR 20% OF PAID-IN CAPITAL OR MORE.
SEPTEMBER 30, 2023
Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company accounted for under receivables	Counterparty	Relationship	Ending balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Amounts received in subsequent period (Note 2)	Allowance for bad debts
					Amount	Actions taken		
Taita Chemical Company, Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Other receivables NT$296,180 (US$ 9,178 thousand) (Notes 1 and 3)	-	$ 296,180	Ongoing collection	$ 1,614 (US$ 50 thousand)	$ -

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

Note 2: The receivables collected as of November 3, 2023.

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

TABLE 4

TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor company	Name of investee	Location	Primary business	Original investment amount		Shareholding as of September 30, 2023			Profit (loss) for the period of the Investee	Profit (loss) on investment recognized for the period	Notes
				September 30, 2023	June 30, 2023	Number of shares	Percentage	Carrying amount			
Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	2,895,845 (US$89,738 thousand)	2,895,845 (US$89,738 thousand)	89,738,000	100.00%	3,167,302 (US$98,150 thousand)	($ 37,140) (Loss of US$ 1,193 thousand)	($ 37,140) (Loss of US$ 1,193 thousand)	Subsidiary (Notes 1 and 3)
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and sale of PVC plastic cloth and three-time processed products	65,365	65,365	11,516,174	1.98%	191,391	380,444	7,540	Investees accounted for using equity method (Note 1)
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petro chemical raw materials	41,082	41,082	25,053,468	33.33%	334,844	(27,572)	(9,191)	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%	42,957	(157,178)	(3,683)	Investees accounted for using equity method (Note 1)
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	54,860 (US$1,700 thousand)	54,860 (US$1,700 thousand)	2,695,619	4.42%	64,038 (US$1,984 thousand)	(77,541) (Loss of US$ 2,500 thousand)	-	Investees accounted for using equity method (Note 1)

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

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

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

Note 4: For information on investees in mainland China, please refer to Table 5.

TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee in mainland China	Primary business	Paid-in capital	Investment methods	Accumulated investment amount remitted from Taiwan at beginning of period	Investment amount remitted or repatriated for the period		Accumulated investment amount remitted from Taiwan at end of period	Profit (loss) of Investee for the period (Note 6)	Percentage of ownership in direct/indirect investments	Gain (loss) on investment recognized for the period (Note 6)	Carrying value at end of the period (Note 6)	Accumulated repatriation of investment income as of September 30, 2023
					Remitted	Repatriated						
Taita Chemical (Zhongshan) Co., Ltd. (“TTC (ZS)”)	Manufacturing and sale of polystyrene derivatives	$ 1,492,488 (US$ 46,250 thousand) (Note 1)	Investments through a holding company registered in a third region	$ 1,387,610 (US$ 43,000 thousand)	$ -	$ -	$ 1,387,610 (US$ 43,000 thousand)	($ 30,449) (Loss of US$ 983 thousand)	100.00%	($ 30,449) (Loss of US$ 983 thousand) (Note 7)	$ 1,830,882 (US$ 56,736 thousand) (Note 7)	$ -
Taita Chemical (Tianjin) Co., Ltd. (“TTC (TJ)”) (Note 8)	Manufacturing and sale of polystyrene derivatives	882,585 (US$ 27,350 thousand) (Note 2)	Investments through a holding company registered in a third region	839,020 (US$ 26,000 thousand)	-	-	839,020 (US$ 26,000 thousand)	(17,603) (Loss of US$ 571 thousand)	100.00%	(17,603) (Loss of US$ 571 thousand) (Note 7)	(173,709) (US$ 5,383 thousand) (Note 7)	-
Zhangzhou Taita Chemical Co., Ltd. ("TTC (ZZ)")	Manufacturing and sale of polystyrene derivatives	1,567,663 (US$ 48,580 thousand) (Note 3)	Investments through a holding company registered in a third region	-	-	-	-	17,190 (Gain of US$ 565 thousand)	100.00%	17,190 (Gain of US$ 565 thousand) (Note 7)	1,409,418 (US$ 43,676 thousand) (Note 7)	-
ACME Electronics (Kunshan) Co., Ltd. (“ACME (KS)”)	Manufacturing and sales of manganese-zinc soft ferrite core	991,496 (US$ 30,725 thousand)	Investments through ACME Electronics (Cayman) Corp. registered in a third region	43,694 (US$ 1,354 thousand)	-	-	43,694 (US$ 1,354 thousand)	(79,569) (Loss of US$ 2,572 thousand)	4.42%	(3,813) (Loss of US$ 123 thousand)	32,173 (US$ 997 thousand)	-

Accumulated investment amount in mainland China remitted from Taiwan at end of period	Investment amounts authorized by Department of Investment Review, MOEA	Maximum investment amount in mainland China as stipulated by Department of Investment Review, MOEA
$ 2,270,324 (US$70,354 thousand)	$ 4,060,125 (US$125,817 thousand) (Note 4)	$ - (Note 5)

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

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

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

Note 4: Including US$3,250 thousand of capitalization of earnings from TTC (ZS), US$1,350 thousand of capitalization of earnings from TTC (TJ), US$802 thousand of capitalization of earnings from ACME (KS), and subscribed capital of US$50,000 thousand for Taita (BVI).

Note 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.

Note 6: The basis for investment income (loss) recognition is from financial statements reviewed and attested by the parent company’s ROC-based CPA.

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

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

TABLE 6

TAITA CHEMICAL COMPANY, LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND MATERIAL TRANSACTIONS BETWEEN THE PARENT AND SUBSIDIARIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
Unit: In Thousands of New Taiwan Dollar

No.	Trader	Counterparty	Relationship with the trader	Transaction situation			
				Account item	Amount (Note 2)	Transaction terms	Ratio consolidated total revenue or total assets (Note 1)
0	Taita Chemical Company, Ltd.	TAITA (BVI) Holding Co., Ltd.	Parent to subsidiary	Other receivables from related parties	$ 1,836	No significant difference than with non-related parties	0.02%
		Taita Chemical (Zhongshan) Co., Ltd.	Parent to subsidiary	Sales revenue	5,151	No significant difference than with non-related parties	0.05%
		Taita Chemical (Zhongshan) Co., Ltd.	Parent to subsidiary	Accounts receivable from related parties	2,348	No significant difference than with non-related parties	0.03%
		Taita Chemical (Tianjin) Co., Ltd.	Parent to subsidiary	Other receivables from related parties	296,180	No significant difference than with non-related parties	3.29%
1	TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Parent to subsidiary	Other payables to related parties	4,841	No significant difference than with non-related parties	0.05%

Note 1: To calculate the proportion of transaction amount to consolidated total revenue or total assets, the asset/liability accounts are calculated as the ratio of ending balance to consolidated total assets, while the profit/loss accounts are calculated as the ratio of accumulated amount at end of period to consolidated total revenue.

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

TABLE 7

TAITA CHEMICAL COMPANY, LTD.

INFORMATION ON MAJOR SHAREHOLDERS
SEPTEMBER 30, 2023

Name of major shareholders	Shareholding	
	Number of shares	Percentage
Union Polymer International Investment Corporation	146,263,260	36.79%

Note: The information of major shareholders in this attachment refers to the information calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the current quarter of which the total number of ordinary shares and preferred shares 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 discrepant due to different compilation and calculation basis.