Stock Code: 1309

Taita Chemical Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

Address: 12th Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei, Taiwan

Tel: (02)8751-6888

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Statement of Consolidated Financial Statements of Related Entities

The entities that are required to be included in the combined financial statements of Taita Chemical Co., Ltd. as of January 1 and for the year ended December 31 ,2023, under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", are the same as those included in the consolidated financial statements prepared in conformity with IFRS 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements of affiliates is included in the consolidated financial statements of Taita Chemical Co., Ltd. and subsidiaries. Consequently, we did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

Company Name: Taita Chemical Co., Ltd.

Chairman: Wu Yi-Gui

March 7, 2024

Independent Auditors' Report

To: Taita Chemical Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taita Chemical Co., Ltd. and its subsidiaries (the "Company"), which comprise the balance sheets as from January 1 to December 31, 2023 and 2022 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

Based on the opinion of our accountant, the above-mentioned consolidated financial statements have been prepared in all material respects in accordance with the Financial Reporting Standards for Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, effectively expressing the financial position of Taita Chemical Co., Ltd. and its subsidiaries as of December 31, 2023 and 2022, as well as the consolidated financial performance and cash flows from January 1 to December 31, 2023 and 2022.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in the professional judgment of the CPA, were of most significance in our audit of the 2023 Consolidated Financial Statements of Taita Chemical Co., Ltd. and its Subsidiaries. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Consolidated Financial Statements of Taita Chemical Co., Ltd. and its subsidiaries in 2023 are stated as follows:

Authenticity of the Recognition of Sales Revenue from Customers of Specific Products

Due to changes in market supply and demand, Taita Chemical Co., Ltd. and its subsidiaries experienced a decline in sales revenue in 2023 compared to 2022. However, sales in specific regions showed a growth trend compared to 2022. The verification of whether the sales revenue in these specific regions truly satisfies contractual obligations will have a significant impact on the consolidated financial report, making it a key audit matter for the current year.

For relevant accounting policies and disclosures of the recognition of sales revenue, please refer to Notes 4 and 24 of the consolidated financial statements.

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

1) We understood and tested the Company’s internal control procedures on the recognition of sales revenue and its effectiveness. Also, we evaluate the appropriateness of the accounting policies used by the management for the recognition of sales revenue.
2) We verify the authenticity of the recognition of sales revenue by examining the certificate of sales transactions, including purchase orders, shipping orders, export documents and collection information.
3) We review any occurrence of sales returns, discounts and allowances, and whether there are any abnormalities in the collections after the balance sheet date.

Other Matters

The CPAs have also audited the Parent Company Only Financial Statements of Taita Chemical Co., Ltd. for 2023 and 2022, on which they have issued an unqualified opinion about the audit report.

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

To ensure that the Consolidated Financial Statements do not contain material misstatements caused by fraud or errors, the management is responsible for preparing fair-presentation

Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the IFRS, IAS, law, and regulation reviews and their announcements recognized and announced by the Financial Supervisory Commission, and for preparing and maintaining necessary internal control procedures pertaining to the Consolidated Financial Statements.

In preparing the financial statements, the management is responsible for assessing the ability of the Taita Chemical Co., Ltd. and its subsidiaries to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Taita Chemical Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternatives but to do so.

The governing body including the audit committee is responsible for overseeing the financial reporting process of the Taita Chemical Co., Ltd. and its subsidiaries.

The CPA's Responsibilities for the Audit of the Consolidated Financial Statements

The objectives of the CPAs are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement of the consolidated financial statements when it exists. Misstatements can arise from fraud or error. If individual amounts or totals of misstatements can reasonably be expected to influence the economic decisions of users of the consolidated financial statements, they are considered material.

The CPAs exercise professional judgment and skepticism in accordance with auditing standards during the audit process. We have also completed the following jobs:

1) Identify and evaluate the risk of material misstatements due to fraud or error in the Consolidated Financial Statements; design and carry out appropriate countermeasures for the evaluated risk; and obtain sufficient and appropriate evidence as the basis for their audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Taita Chemical Co., Ltd. and its subsidiaries.

3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4) Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause Taita Chemical Co., Ltd. to cease to continue as a going concern.
5) Evaluate the overall presentation, structure, and contents of the Consolidated Financial Statements (including relevant Notes), and whether the Consolidated Financial Statements fairly present relevant transactions and items.
6) Obtain sufficient and appropriate audit evidence of the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial report. The CPA is responsible for the guidance, supervision and implementation of the audit cases, and is responsible for forming the audit opinions of the Company.

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

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

From the matters communicated with the governing body, the CPA determines the key audit matters of the Consolidated Financial Statements in 2023 of the Taita Chemical Co., Ltd. and its subsidiaries. The CPAs describe these matters in the audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the CPAs determine that a matter should not be communicated in the audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche

CPA: Chiu Cheng-Chun

CPA: Huang Hsiu-Chun

Financial Supervisory Commission Approval No.
Financial Supervisory Commission (FSC) Certificate No. 0930160267

Securities and Futures Commission Approval No.
Securities and Futures Commission Certificate No. 0920123784

March 7, 2024

Notice to Readers:

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

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
Code	Assets	Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 2,211,329	25	$ 2,662,088	29
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	161,178	2	415,053	4
1140	Financial assets at amortized cost - current (Notes 4, 9 and 31)	13,000	-	5,000	-
1150	Notes receivable (Notes 4 and 10)	208,635	2	157,026	2
1170	Accounts receivable (Notes 4, 5 and 10)	1,596,090	18	1,485,302	16
1180	Accounts receivable from related parties (Notes 4, 5, 10 and 30)	4,200	-	-	-
1200	Other receivables (Notes 4 and 10)	105,403	1	87,821	1
1210	Other receivables from related parties (Notes 4, 10 and 30)	4,932	-	3,158	-
1220	Current tax assets (Notes 4 and 26)	1,571	-	9,538	-
130X	Inventories (Notes 4, 5 and 11)	1,101,680	13	951,018	10
1410	Prepayments and other current assets	107,305	1	230,953	3
11XX	Total current assets	5,515,323	62	6,006,957	65
	Non-current assets				
1517	Financial assets at fair value through other comprehensive incomes - non-current (Notes 4 and 8)	298,427	3	333,942	3
1550	Investments accounted for using equity method (Notes 4, 5 and 13)	622,689	7	643,709	7
1600	Property, plant and equipment (Notes 4, 14, 18, 30 and 31)	1,937,325	22	1,960,833	21
1755	Right-of-use assets (Notes 4, 15, 18, 30 and 31)	257,252	3	68,046	1
1760	Investment properties (Notes 4 and 16)	108,178	1	108,178	1
1780	Intangible assets (Notes 4 and 17)	498	-	2,279	-
1840	Deferred tax assets (Notes 4 and 26)	123,555	2	59,573	1
1990	Other non-current assets (Note 31)	28,106	-	57,359	1
15XX	Total non-current assets	3,376,030	38	3,233,919	35
1XXX	Total assets	$ 8,891,353	100	$ 9,240,876	100

Code	Liabilities and Equity	Amount (2023)	%	Amount (2022)	%
	Current Liabilities				
2100	Short-term borrowings (Notes 14, 15, 18 and 31)	$ 825,000	9	$ 150,000	2
2170	Accounts payable (Note 19)	746,874	8	645,769	7
2180	Accounts payable from related parties (Notes 19 and 30)	49	-	657	-
2200	Other payables (Note 20)	276,188	3	297,925	3
2220	Other payables from related parties (Note 30)	4,439	-	5,094	-
2230	Current tax liabilities (Notes 4 and 26)	904	-	144,807	2
2280	Lease liabilities - current (Notes 4, 15 and 30)	4,665	-	4,614	-
2365	Refund liabilities - current (Note 21)	1,314	-	1,102	-
2399	Other current liabilities	61,230	1	107,994	1
21XX	Total current liabilities	1,920,663	21	1,357,962	15
	Non-current Liabilities				
2540	Long-term borrowings (Note 18)	-	-	300,000	3
2570	Deferred tax liabilities (Notes 4 and 26)	188,416	2	209,100	2
2580	Lease liabilities - non-current (Notes 4, 15 and 30)	29,094	1	33,760	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 22)	100,640	1	127,716	2
2670	Other non-current liabilities	4,549	-	6,124	-
25XX	Total non-current liabilities	322,699	4	676,700	7
2XXX	Total liabilities	2,243,362	25	2,034,662	22
	Equity attributable to the owners of the Company (Notes 13, 22 and 23)				
	Share capital				
3110	Common stock	3,975,868	45	3,975,868	43
3200	Capital surplus	3,201	-	1,099	-
	Retained earnings				
3310	Legal reserve	502,038	6	457,804	5
3320	Special reserve	308,061	3	308,061	3
3350	Unappropriated earnings	1,745,739	20	2,254,818	25
3300	Total retained earnings	2,555,838	29	3,020,683	33
3400	Other equity	113,084	1	208,564	2
3XXX	Total equity	6,647,991	75	7,206,214	78
	Total liabilities and equity	$ 8,891,353	100	$ 9,240,876	100

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

Notice to Readers:

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TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
JANUARY 1 TO DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, except Earnings per Share)

Code		2023 Amount	2023 %	2022 Amount	2022 %
4100	Net revenue (Notes 4, 21, 24 and 30)	$ 15,205,462	100	$ 18,083,799	100
5110	Cost of Goods Sold (Notes 11, 14, 15, 22, 25, and 30)	14,769,885	97	16,323,674	90
5900	Gross profit	435,577	3	1,760,125	10
	Operating expenses (Notes 10, 22, 25 and 30)				
6100	Selling and marketing expenses	681,200	5	1,332,808	8
6200	General and administrative expenses	204,786	1	184,317	1
6300	Research and development expenses	15,832	-	15,312	-
6450	Expected credit impairment (gain) loss	(1,844)	-	2,231	-
6000	Total operating expenses	899,974	6	1,534,668	9
6900	Profit (loss) from operation	(464,397)	(3)	225,457	1
	Non-operating income and expenses (Notes 7, 13, 16, 25 and 30)				
7100	Interest income	45,090	-	42,437	-
7010	Other income	91,195	1	90,742	1
7020	Other gains and losses	12,305	-	189,912	1
7060	Share of profit or loss of the associates for under the equity method	(10,355)	-	2,661	-
7510	Financial costs	(19,850)	-	(6,835)	-
7000	Total non-operating income and expenses	118,385	1	318,917	2

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Profit (loss) before income tax	($ 346,012)	(2)	$ 544,374	3
7950	Income tax expense (benefit) (Notes 4 and 26)	(72,475)	-	132,296	1
8200	Net profit for the year	(273,537)	(2)	412,078	2
	Other comprehensive income(loss) (Notes 8, 13, 22, 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	9,544	-	31,140	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(35,516)	-	(142,789)	-
8320	Share of the other comprehensive profit or loss of associates accounted for under equity method - unrealized profit or loss on investments in equity instruments at fair value through other comprehensive profit or loss	(17,492)	-	(31,941)	-
8330	Share of the other comprehensive profit or loss of associates accounted for using the equity method - remeasurement of defined benefit plans	(150)	-	5,351	-
8349	Income tax related to components that will not be reclassified to profit or loss	(1,908)	-	(6,228)	-
		(45,522)	-	(144,467)	-

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Code		2023 Amount	2023 %	2022 Amount	2022 %
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	($ 50,285)	-	$ 39,679	-
8371	Share of the other comprehensive loss of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	(2,601)	-	2,511	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	10,413	-	(8,199)	-
		(42,473)	-	33,991	-
8300	Other comprehensive incomes (losses) for the year (net of income tax)	(87,995)	-	(110,476)	-
8500	Total comprehensive income for the year	($ 361,532)	(2)	$ 301,602	2
	Earnings (losses) per share (Note 27)				
9710	Basic	($ 0.69)		$ 1.04	
9810	Diluted	($ 0.69)		$ 1.04	

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

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TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
JANUARY 1 TO DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

		Equity attributable to the owners of the Company (Notes 13, 22 and 23)												
											Other equity			
		Share capital		Capital surplus			Retained earnings							
Code		Shares (In Thousands)	Amount	Long-tern equity investment	Other capital surplus	Total	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Total equity
A1	Balance at January 1, 2022	378,654	$ 3,786,541	$ 553	$ 439	$ 992	$ 273,706	$ 308,061	$ 2,943,210	$ 3,524,977	($ 144,532)	$ 493,835	$ 349,303	$ 7,661,813
	Appropriation of 2021 earnings													
B1	Legal reserve	-	-	-	-	-	184,098	-	(184,098)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(757,308)	(757,308)	-	-	-	(757,308)
B9	Share dividends distributed by the Company	18,933	189,327	-	-	-	-	-	(189,327)	(189,327)	-	-	-	-
T1	Changes in capital surplus	-	-	107	-	107	-	-	-	-	-	-	-	107
D1	Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	412,078	412,078	-	-	-	412,078
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	30,263	30,263	33,991	(174,730)	(140,739)	(110,476)
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	442,341	442,341	33,991	(174,730)	(140,739)	301,602
Z1	Balance at December 31, 2022	397,587	3,975,868	660	439	1,099	457,804	308,061	2,254,818	3,020,683	(110,541)	319,105	208,564	7,206,214
	Appropriation of 2022 earnings													
B1	Legal reserve	-	-	-	-	-	44,234	-	(44,234)	-	-	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	-	-	-	(198,793)	(198,793)	-	-	-	(198,793)
T1	Changes in capital surplus	-	-	2,102	-	2,102	-	-	-	-	-	-	-	2,102
D1	Net loss for 2023	-	-	-	-	-	-	-	(273,537)	(273,537)	-	-	-	(273,537)
D3	Other comprehensive incomes after tax for the year 2023	-	-	-	-	-	-	-	7,485	7,485	(42,473)	(53,007)	(95,480)	(87,995)
D5	Total comprehensive income for the year 2023	-	-	-	-	-	-	-	(266,052)	(266,052)	(42,473)	(53,007)	(95,480)	(361,532)
Z1	Balance at December 31, 2023	397,587	$ 3,975,868	$ 2,762	$ 439	$ 3,201	$ 502,038	$ 308,061	$ 1,745,739	$ 2,555,838	($ 153,014)	$ 266,098	$ 113,084	$ 6,647,991

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TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
JANUARY 1 TO DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Code		2023	2022
	Cash flows from operating activities		
A10000	Profit (loss) before income tax	($ 346,012)	$ 544,374
A20010	Income, Expense, and Loss Items		
A20100	Depreciation expenses	213,626	206,813
A20200	Amortization expenses	1,781	1,815
A20300	Expected credit impairment loss (gain on reversal)	(1,844)	2,231
A20400	Net loss (gain) on financial instruments measured at fair value through profit or loss	(1,115)	18,547
A20900	Financial costs	19,850	6,835
A21200	Interest income	(45,090)	(42,437)
A21300	Dividend income	(11,884)	(36,705)
A22300	Share of Profit or Loss from Equity Method Investees	10,355	(2,661)
A22500	Loss (gain) on disposal and retirement of property, plant and equipment	(561)	(2,391)
A23700	(Reversal of) write-down of inventory valuation and obsolescence	(4,762)	32,436
A29900	Recognition of refund liabilities	8,123	7,918
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	254,990	262,375
A31130	Notes receivable	(54,558)	102,949
A31150	Accounts receivable	(127,959)	725,160
A31160	Accounts receivable from related parties	(4,200)	-
A31180	Other receivables	(3,560)	26,576
A31190	Other receivables from related parties	(1,773)	383
A31200	Inventories	(151,119)	276,430
A31230	Prepayments and other current assets	124,691	(78,244)
A32150	Accounts payable	101,858	(384,886)
A32160	Accounts payable from related parties	(608)	629
A32180	Other payables	(29,737)	(150,759)
A32190	Other payables from related parties	(655)	(1,701)
A32230	Other current liabilities	(46,443)	42,977
A32240	Net Defined Benefit Liabilities	(17,532)	(27,563)
A33000	Net cash flows from operating activities	(114,138)	1,531,101

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Code		2023	2022
A33100	Interest received	$ 30,474	$ 40,993
A33300	Interest paid	(19,388)	(6,766)
A33500	Income tax paid	(140,107)	(462,438)
AAAA	Net cash flows from operating activities	(243,159)	1,102,890
	Cash flows from investing activities		
B00040	Purchase of financial assets at amortized cost	(10,000)	(3,000)
B00050	Proceeds from disposal of available-for-sale financial assets	2,000	1,822
B01800	Acquisition of associate	(10,931)	-
B02700	Payments for property, plant and equipment	(182,084)	(141,981)
B02800	Proceeds from disposal of property, plant and equipment	960	9,921
B03700	Increase in refundable deposits	(24,629)	(34,313)
B03800	Decrease in refundable deposits	53,548	1,705
B05350	Acquisition of right-to-use assets	(200,271)	-
B07600	Dividends received	15,339	65,495
BBBB	Net cash used in investing activities	(356,068)	(100,351)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	405,000	-
C00200	Decrease in short-term borrowings	-	(200,000)
C01600	Proceeds from long-term borrowings	270,000	750,000
C01700	Repayments of long-term borrowings	(300,000)	(750,000)
C04020	Repayments of the principal portion of lease liabilities	(4,615)	(4,564)
C04300	Increase in other non-current liabilities	(1,518)	180
C04500	Distribution of cash dividends	(198,793)	(757,308)
C04400	Refund of unclaimed overdue cash dividends	3,049	3,134
CCCC	Cash used in financing activities	173,123	(958,558)
DDDD	Effect of Exchange Rate Changes on Cash and Cash Equivalents	(24,655)	19,824
EEEE	Cash and cash equivalents (decrease) increase for the current year	(450,759)	63,805
E00100	Cash and cash equivalents at the beginning of period	2,662,088	2,598,283
E00200	Cash and cash equivalents at the end of period	$ 2,211,329	$ 2,662,088

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

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TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JANUARY 1 TO DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. COMPANY HISTORY

Taita Chemical Co., Ltd. (“the Company”) was founded in April 1960, and is mainly engaged in the manufacturing and sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resin, acrylonitrile-styrene copolymer (SAN) resin, glass wool insulation products, plastic raw materials, and other processed products. The ordinary shares of the Company has been listed on the Taiwan Stock Exchange since 1975. As of December 31, 2023, USI Corporation (USI) indirectly holds a total ownership stake of 36.79% in our Company, giving it control over our operations. Therefore, USI is our ultimate parent company.

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

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

The Consolidated Financial Statements have been approved by the Board of Directors on March 7, 2024.

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

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

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

b. IFRS Accounting Standards Approved by the Financial Supervisory Commission for the Year 2024

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 “Classify 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 Financing Arrangements”	January 1, 2024 (Note 3)

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: When applying this amendment for the first time, exemptions from certain disclosure requirements shall apply.

As of the date of authorization of the financial statements, the Company's assessment of the effects of amendments to other standards and interpretations should not cause material effects on the financial conditions and performance.

c. IASB Issued IFRS Accounting Standards Published, but Not Yet Approved 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 amendments prospectively apply to the annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendment, the impact amount shall be recognized in the retained earnings as of the date of initial application. When the merging company uses non-functional currency to express currency, it will affect the foreign exchange differences of overseas operating entities under the equity item on the initial application date.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Compliance declaration

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

b. Preparation basis

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

e. Foreign Currency

In the preparation of each individual financial statement, transactions denominated in a currency other than the entity's functional currency (i.e., foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction before they are recorded by each entity.

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

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

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

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

f. Inventories

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

g. Investments in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

The Company accounts for investments in associates by using the equity method.

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

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

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

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

The Company shall cease the use of the equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value and the difference between the fair value and disposal proceeds and the carrying amount of the investment on the date when the equity method was discontinued is included in profit or loss for the current period.

Profits and losses in upstream, downstream, and side-stream transactions between the Company and associates are recognized in the consolidated financial statements only when the profits and losses are irrelevant to the Company's interests in the associates.

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

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

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

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

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

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

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

l. Financial Instruments

Financial assets and liabilities will be recognized in the consolidated balance sheets when the Company becomes a party to the contract of the financial instrument.

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

1) Financial assets

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

a) Types of measurement

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

i. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are measured at fair value. Dividends and interest accrued are recognized in other income and interest income respectively, and profit or loss accrued from remeasurement are recognized in other gains or loses. Please refer to Note 29 for the methods for determining fair values.

ii. Financial assets at amortized cost

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

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

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

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

i) For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.
ii) Financial assets that are not credit impairment from purchases or at the time of founding but subsequently become credit impairments shall be calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

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

The cash equivalents include highly liquid investments with maturities of three months or less from the date of acquisition, easily convertible into fixed amounts of cash and having minimal risk of value changes, such as term deposits and securities with repurchase agreements. These are used to meet short-term cash commitments.

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

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

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

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

b) Impairment of financial assets

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

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

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

For the purpose of internal credit risk management, under the premise that the collateral held is not under consideration, the Company determines that there is internal or external information indicating that the debtor cannot settle the debt, which represents that the financial assets have breached the contract.

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at fair value through profit or loss are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Please refer to Note 29 for the methods for determining fair values.

b) Derecognition of financial liabilities

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

3) Derivative instruments

The derivatives entered into by the Company are forward foreign exchange contracts to manage the exchange rate risk of the Consolidated Company.

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

m. Revenue recognition

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

<u>Revenue from sale of goods</u>

Proceeds of sale are derived from sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resins, acrylonitrile-styrene copolymer (SAN) resins, glass wool insulation products, plastic raw materials, and the related processed products. At the time of product delivery to the clients, the clients have the right to set the price and to use the goods and also have the main responsibility for resale, and assume the risk of obsolescence of the goods, and the Company recognizes the revenue and accounts receivable at that time.

n. Leases

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

1) The consolidated company is the lessor.

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

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

2) The consolidated company is the lessee

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

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

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

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

Subsequently, the lease liabilities are measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned during the lease term. If the change in the lease term results causes any change in the future lease benefits, the Company will measure the lease liabilities and adjust the right-of-use assets relatively. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount will be recognized in profit or loss. Lease liabilities are expressed separately in the balance sheets.

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Income tax

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

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

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

When the Company develops significant accounting estimates, it incorporates considerations of the potential impact of climate change, related government policies and regulations, and energy market volatility on cash flow projections, growth rates, discount rates, and profitability. The management will continue to review the estimates and underlying assumptions.

Primary Sources of Estimation Uncertainties

a. Estimated impairment of accounts receivable

The estimated impairment of accounts receivable is based on the Company's assumptions regarding the probability of default and the rate of loss on default. The Company considers historical experience, current market conditions, and forward-looking information to make assumptions and select input values for impairment assessment. For details of the key assumptions and inputs applied, refer to

Note 10. If the actual cash flow in the future is less than expected by the Company, there may be material impairment losses.

b. Write-down of inventories

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

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

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

6. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 331	$ 371
Checking accounts and demand deposits	658,841	731,789
Cash equivalents		
Fixed term deposits	1,552,157	1,784,103
Bonds sold under repurchase agreement	-	145,825
	$ 2,211,329	$ 2,662,088

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

	December 31, 2023	December 31, 2022
Time deposits	1.05%-5.49%	1.18%-4.88%
Reverse repurchase agreements collateralized by bonds	-	1.05%-1.35%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
— Domestic listed shares	$ 93,886	$ 22,540
— Foreign unlisted shares	-	-
— Mutual funds	-	333,210
— Beneficiary securities	67,292	59,303
	$ 161,178	$ 415,053

The main purpose of engaging in forward foreign exchange transactions by the consolidated company for the year 2022 is to hedge against the risk of fluctuations in foreign currency assets and liabilities due to exchange rate movements As these did not meet the criteria of hedge accounting, and therefore, the Company did not apply hedge accounting treatments for these derivative contracts (2023: None).

The Company generated a net profit of NT$3,948,000 and a net loss of NT$505,000 from financial asset transactions measured at fair value through profit or loss in the 2023 and 2022 fiscal years, respectively. In the 2022 fiscal year, a net loss of NT$13,364 thousand was incurred from financial liabilities measured at fair value through profit or loss (2023 fiscal year: None).

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

	December 31, 2023	December 31, 2022
Investments in equity instruments		
Domestic investments		
Ordinary shares of the listed companies		
— USI Corporation	$ 298,421	$ 333,929
Ordinary shares of the unlisted companies		
— Harbinger Venture Capital Corp.	6	7
Subtotal	298,427	333,936
Overseas investments		
Ordinary shares of the unlisted companies		
— Budworth Investment Ltd	-	6
	$ 298,427	$ 333,942

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

9. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31, 2023	December 31, 2022
Fixed deposits with original maturity exceeding 3 months	$ 10,000	$ -
Pledged time deposits	3,000	5,000
	$ 13,000	$ 5,000

The market annual interest rate range for fixed-term deposits and pledged fixed deposits with an original maturity exceeding 3 months as of the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Fixed deposits with original maturity exceeding 3 months	1.25%	-
Pledged certificates of deposit (Note 31)	1.53%	1.32%-1.41%

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

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	December 31, 2023	December 31, 2022
Notes receivable (1)		
Because of business operations	$ 208,635	$ 157,026
Accounts receivable (1)		
Measured at amortized cost		
Total carrying amount	$ 1,599,125	$ 1,542,964
Less: Allowance for impairment loss	(3,035)	(57,662)
	$ 1,596,090	$ 1,485,302
Accounts receivable from related parties (1) (Note 30)	$ 4,200	$ -
Other receivables (2)		
Business tax refund receivable	$ 70,889	$ 67,204
Interest receivable	33,968	19,939
Others	546	678
	$ 105,403	$ 87,821
Other receivables from related parties (Note 30)	$ 4,932	$ 3,158

a. Notes receivable and accounts receivable

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

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

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

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

December 31, 2023

	Credit Rating A	Credit Rating B	Credit Rating C	Others	Total
Total carrying amount	$ 11,218	$ 533,152	$ 88,181	$1,179,409	$1,811,960
Provision for expected credit losses (expected credit losses over the remaining period)	-	-	-	(3,035)	(3,035)
Amortized cost	$ 11,218	$ 533,152	$ 88,18	$1,176,374	$1,808,925

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
Provision for expected credit losses (expected credit losses over the remaining period)	-	-	(219)	(57,443)	(57,662)
Amortized cost	$ 4,192	$ 384,429	$ 81,839	$1,171,868	$1,642,328

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

	2023	2022
Beginning balance	$ 57,662	$ 55,417
Amounts written off	(52,750)	-
Expected credit impairment loss (gain on reversal)	(1,844)	2,231
Exchange difference	(33)	14
Ending balance	$ 3,035	$ 57,662

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

	December 31, 2023	December 31, 2022
Not Past Due	$ 1,761,104	$ 1,594,610
Past due within 60 days	48,008	45,283
Past due over 61 days	2,848	60,097

Total	$ 1,811,960	$ 1,699,990

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

In the balances of accounts receivable and notes receivable as of December 31, 2023 and December 31, 2022, except for a specific customer whose accounts receivable balance accounted for 14% of the total balances of accounts receivable and notes receivable as of December 31, 2022, the balances of accounts receivable and notes receivable for other customers did not exceed 10% of the total balances of accounts receivable and notes receivable. The customer base of the consolidated company is extensive and unrelated to each other; therefore the concentration level of credit risk is limited.

b. Other receivables

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

11. INVENTORIES

	December 31, 2023	December 31, 2022
Finished goods	$ 535,351	$ 500,216
Work in process	153,301	130,666
Raw materials	377,658	277,596
Production supplies	35,370	42,540
	$ 1,101,680	$ 951,018

The cost of goods sold related to inventory for the years 2023 and 2022 were NT$14,769,885,000 and NT$16,323,674,000, respectively.

The cost of goods sold for the year 2023 includes a net realizable value impairment loss of NT$4,762,000.

The cost of goods sold in 2022 including the value losses of the net realizable value of the inventories is NT$32,436,000.

12. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

1) As of December 31, 2023, the amount of investment in Taita Zhongshan was US$43,000,000, and the company's surplus was transferred to the capital increase of US$3,250,000 in 2007. As of December 31, 2023, the Company's paid-in capital was US$46,250,000. Taita Zhongshan held a meeting of the Board of Directors on October 14, 2021, and resolved to adopt a profit distribution plan from 2007 to 2020 with a total amount of CNY 306,950,000, which was allocated on March 8, 2022.

2) As of December 31, 2023, the amount of investment in Delta Tianjin was US$26,000,000, and the company's surplus in 2012 was transferred to the capital increase of US$1,350,000. As of December 31, 2023, the company's paid-in capital was US$27,350,000. Due to the curtailing demand in the local market, the management of the Company decided to suspend the production of Taita Tianjin from April 2019.

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

13. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	December 31, 2023	December 31, 2022
Individually insignificant associates		
Listed company		
China General Plastics Corporation ("CGPC")	$ 189,901	$ 187,231
Acme Electronics Corp. ("ACME")	41,468	33,466
Unlisted company		
China General Terminal & Distribution Co. ("CGTD")	329,972	355,611
ACME Electronics (Cayman) Corp.（ACME (Cayman)）	61,348	67,401
	$ 622,689	$ 643,709

Aggregate information of associates that are not individually material

	2023	2022
The Company's share of:		
Profits from continuing operations	($ 10,355)	$ 2,661
Other comprehensive income	(20,243)	(24,079)
Total comprehensive income	($ 30,598)	($ 21,418)

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

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

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

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

Acme (Cayman) resolved at the board meeting on April 24, 2023 to carry out a cash capital increase and issue 11,054 million new shares at a par value of $0.1 per share, with an issuance premium of $0.81 per share. The Company did not participate in the aforementioned capital increase, and its shareholding ratio decreased from 5.39% to 4.42% after the capital increase.

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

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

Name of Associates	December 31, 2023	December 31, 2022
CGPC	$ 256,811	$ 304,027
ACME	$ 125,288	$ 106,458

The profits and other comprehensive income shares enjoyed by the associated enterprises and consolidated companies under the equity method in the fiscal years 2023 and 2022 are recognized based on the audited financial reports of each associated enterprise during the same period.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost							
Balance at January 1, 2022	$ 634,432	$ 1,300,920	$ 4,466,895	$ 41,896	$ 354,212	$ 83,376	$ 6,881,731
Addition	-	-	2,856	-	1,489	152,887	157,232
Disposal and obsolescence	-	(768)	(35,519)	(1,207)	(9,354)	-	(46,848)
Internal transfers	-	5,980	155,159	-	9,094	(170,233)	-
Exchange difference	-	6,739	8,563	281	665	1,029	17,277
Balance at December 31, 2022	$ 634,432	$ 1,312,871	$ 4,597,954	$ 40,970	$ 356,106	$ 67,059	$ 7,009,392
Accumulated depreciation and impairment							
Balance at January 1, 2022	$ -	$ 976,094	$ 3,538,218	$ 35,513	$ 322,667	$ 1,652	$ 4,874,144
Disposal and obsolescence	-	(768)	(28,370)	(1,086)	(9,094)	-	(39,318)
Depreciation expenses	-	36,858	153,403	2,597	8,127	-	200,985
Exchange difference	-	4,897	7,142	179	504	26	12,748
Balance at December 31, 2022	$ -	$ 1,017,081	$ 3,670,393	$ 37,203	$ 322,204	$ 1,678	$ 5,048,559
Carrying amounts at December 31, 2022	$ 634,432	$ 295,790	$ 927,561	$ 3,767	$ 33,902	$ 65,381	$ 1,960,833
Cost							
Balance at January 1, 2023	$ 634,432	$ 1,312,871	$ 4,597,954	$ 40,970	$ 356,106	$ 67,059	$ 7,009,392
Addition	-	-	9,785	-	1,052	176,213	187,050
Disposal and obsolescence	-	(601)	(9,047)	(2,013)	(12,945)	-	(24,606)
Internal transfers	-	2,627	118,518	1,042	15,578	(137,765)	-
Exchange difference	-	(7,348)	(11,565)	(307)	(703)	(406)	(20,329)
Balance at December 31, 2023	$ 634,432	$ 1,307,549	$ 4,705,645	$ 39,692	$ 359,088	$ 105,101	$ 7,151,507
Accumulated depreciation and impairment							
Balance at January 1, 2023	$ -	$ 1,017,081	$ 3,670,393	$ 37,203	$ 322,204	$ 1,678	$ 5,048,559
Disposal and obsolescence	-	(541)	(8,867)	(2,013)	(12,786)	-	(24,207)
Depreciation expenses	-	34,684	159,314	1,849	9,257	-	205,104
Exchange difference	-	(6,060)	(8,375)	(256)	(555)	(28)	(15,274)

	Freehold Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
Balance at December 31, 2023	$ -	$ 1,045,164	$ 3,812,465	$ 36,783	$ 318,120	$ 1,650	$ 5,214,182
Carrying amounts at December 31, 2023	$ 634,432	$ 262,385	$ 893,180	$ 2,909	$ 40,968	$ 103,451	$ 1,937,325

Depreciation charges are set aside on a straight-line over their estimated useful lives as follows:

Buildings	
Factories	20, 30, 35, 40 and 55 years
Offices and laboratories	26-35 Years
Warehouses	20-25 Years
Storage tanks	8-20 Years
Others	2-9 Years
Machinery and 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
Other equipment	2-15 Years

Please refer to Notes 18 and 31 for the amounts of real estate, factories, and equipment set as collateral for financing.

15. LEASE AGREEMENTS

a. Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amounts		
Land	$ 257,252	$ 68,046

	2023	2022
Increase in right-of-use assets	$ 200,271	$ -
Depreciation charge for right-of-use assets		
Land	$ 8,522	$ 5,828

Taita Zhangzhou acquired the land use rights in the Zhangzhou Gulei Port Economic Development Zone from the Natural Resources Bureau of the Zhangzhou Gulei Port Economic Development Zone in May 2023 for the purpose of constructing factory buildings. The duration of use is 50 years.

Except for the depreciation expense recognized, there was no material increase, sublease, or impairment of the right-of-use assets of the Company in 2023 and 2022. Please refer to Notes 18 and 31 for the amounts of real estate, factories, and equipment set as collateral for financing.

b. Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities carrying amount		
Current	$ 4,665	$ 4,614
Non-current	$ 29,094	$ 33,760

c. Other lease information

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

	2023	2022
Expenses relating to short-term leases	$ 17,693	$ 17,619
Expenses relating to low-value asset leases	$ 22	$ 21
Total cash outflow for leases	$ 22,728	$ 22,653

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

16. INVESTMENT PROPERTY NET CARRYING AMOUNT

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

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

The land of the Company's Qianzhen plant is leased to Hua Yun Company, with the rental amount determined based on the actual leased area. In the 2023 and 2022 fiscal years, monthly payments of NT$1,496,000 and NT$1,628,000 were respectively collected (please refer to footnotes 25 and 30).

17. INTANGIBLE ASSETS

	December 31, 2023	December 31, 2022
Carrying amount by function		
Information systems	$ 98	$ 278
Design expenses for factories	400	2,001
	$ 498	$ 2,279

Intangible assets are amortized on a straight-line basis over their useful life as defined below:

Information systems	3 years
Design expenses for factories	10 years

18. BORROWINGS

a. Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
Line of credit borrowings	$ 825,000	$ 150,000

The annual interest rates for credit limit loans were 1.66%-1.70% and 1.32% as of December 31, 2023 and December 31, 2022, respectively.

Taita Zhongshan has used real estate, factory buildings, equipment, and land use rights as collateral for the loan limit (please refer to Notes 14, 15, and 31). As of December 31, 2023 and December 31, 2022, the loan limit has not been utilized.

b. Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
Line of credit borrowings	$ -	$ 300,000

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

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

To enhance the company's long-term operational capital, a long-term credit agreement was signed with the bank. As of December 31, 2023, the total credit limit amounted to NT$2,300,000. The credit agreements are set to expire gradually before August 2026, and the credit limits will be utilized within the contractual validity period.

Some of the Company'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 Company shall propose improvement measures to the banks concerned. Till December 31, 2023, the Company has not violated the aforementioned financial ratios.

19. ACCOUNTS PAYABLE

	December 31, 2023	December 31, 2022
Accounts payable (including related parties)		
Arising from operation (Note 30)	$ 746,923	$ 646,425

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

20. OTHER PAYABLES

	December 31, 2023	December 31, 2022
Payables for salaries or bonuses	$ 77,436	$ 100,171
Payables for freight fees	59,743	75,629
Payables for utilities	30,949	27,022
Payables for equipment	29,824	24,858
Payables for professional service expenses	11,341	9,698
Others	66,895	60,547
	$ 276,188	$ 297,925

21. REFUND PROVISIONS

	December 31, 2023	December 31, 2022
Customer returns and rebates	$ 1,314	$ 1,102

	2023	2022
Beginning balance	$ 1,102	$ 897
Provision	8,123	7,918
Returns and rebates	(7,911)	(7,713)
Ending balance	$ 1,314	$ 1,102

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

22. POST-RETIREMENT BENEFIT PLAN

a. Defined contribution plans

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

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

b. Defined benefit plans

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

The amounts of defined benefit plans included in the consolidated balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present Value of Defined Benefit Obligation	$ 403,237	$ 470,859
Fair Value of Plan Assets	(302,597)	(343,143)
Net Defined Benefit Liabilities	$ 100,640	$ 127,716

Changes in net defined benefit liabilities are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	$ 543,761	($ 357,342)	$ 186,419
Service Costs			
Service Costs for the Current Period	2,903	-	2,903
Net Interest Expense (Income)	2,606	(1,724)	882
Recognized in profit or loss	5,509	(1,724)	3,785
Remeasurements			
Return on Plan Assets (Excluding Amounts Included in Net Interest)	-	(30,701)	(30,701)
Actuarial Gain			
— Changes in Financial Assumptions	(4,229)	-	(4,229)
— Experience Adjustments	3,790	-	3,790
Recognized in other comprehensive income	(439)	(30,701)	(31,140)
Contributions by the Employer	-	(31,348)	(31,348)
Benefits Paid on Plan Assets	(77,972)	77,972	-
Balance at December 31, 2022	$ 470,859	($ 343,143)	$ 127,716
Balance at January 1, 2023	$ 470,859	($ 343,143)	$ 127,716
Service Costs			
Service Costs for the Current Period	2,237	-	2,237
Net Interest Expense (Income)	5,090	(3,798)	1,292
Recognized in profit or loss	7,327	(3,798)	3,529
Remeasurements			
Return on Plan Assets (Excluding Amounts Included in Net Interest)	-	(3,542)	(3,542)
Actuarial Gain			
— Changes in Financial Assumptions	(3,201)	-	(3,201)
— Experience Adjustments	(2,801)	-	(2,801)
Recognized in other comprehensive income	(6,002)	(3,542)	(9,544)
Contributions by the Employer	-	(21,061)	(21,061)
Benefits Paid on Plan Assets	(68,947)	68,947	-
Balance at December 31, 2023	$ 403,237	($ 302,597)	$ 100,640

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

	2023	2022
Cost of goods sold	$ 3,200	$ 3,318
Selling and marketing expenses	141	175
General and administrative expenses	88	197
Research and development expenses	100	95
	$ 3,529	$ 3,785

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

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

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

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

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

	December 31, 2023	December 31, 2022
Discount rate	1.250%	1.125%
Average long-term salary adjustment rate	2.750%	2.750%

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

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 6,279)	($ 7,345)
Decrease by 0.25%	$ 6,444	$ 7,543
Average long-term salary adjustment rate		
Increase by 0.25%	$ 6,239	$ 7,291

Decrease by 0.25%	($ 6,111)	($ 7,138)

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

The Company expects to allocate NT$25,800 thousand and NT$20,000 thousand to the defined benefit plans within one year as of December 31, 2023, and December 31, 2022, respectively. The weighted average duration of the Company's defined benefit obligations on 31 December 2023 and 2022 is 6.4 years.

23. EQUITY

a. Ordinary shares

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

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

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

b. Capital surplus

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

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 25 (8).

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

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

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

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

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

The appropriation of earnings for 2023 had been proposed by the Company's Board of Directors on March 7, 2024, were as follows:

	Appropriation of earnings	Dividends per share (NT$)
Cash dividends	$ 119,276	$ 0.3

The distribution of earnings for the year 2023 is still subject to resolution in the annual shareholders' meeting to be held on May 31, 2024.

d. Special reserve

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

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

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were $279,270,000 and $160,233,000, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of $308,061,000 which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of December 31, 2023, there was no change in the special reserve.

e. Other equity items

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

	2023	2022
Beginning balance	($ 110,541)	($ 144,532)
Incurred this year		
Exchange differences on translation of foreign operations	(50,285)	39,679
Share in associates accounted for under the equity method	(2,601)	2,511
Related income tax	10,413	(8,199)
Ending balance	($ 153,014)	($ 110,541)

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

2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income

	2023	2022
Beginning balance	$ 319,105	$ 493,835
Incurred this year		
Unrealized gains (losses)		
Equity instruments	(35,516)	(142,789)
Share in associates accounted for under the equity method	(17,492)	(31,941)
Related income tax	1	-
Ending balance	$ 266,098	$ 319,105

24. REVENUES

	2023	2022
Revenue from contracts with customers		
Proceeds of sale	$ 15,205,462	$ 18,083,799

Refer to Note 4 for description related to contracts with customers. Please refer to Note 35 for information on segment revenue and operating results of major products.

25. PROFIT (LOSS) BEFORE INCOME TAX

Net profit before income tax includes the following:

a. Interest income

	2023	2022
Cash and cash equivalents	$ 43,259	$ 41,044
Financial assets at fair value through profit or loss (Note 7)	1,526	1,215
Others	305	178
	$ 45,090	$ 42,437

b. Other income

	2023	2022
Rental income - operating lease (Notes 16 and 30)	$ 32,903	$ 43,622
Government subsidies	26,583	513
Dividend income		
Financial assets at fair value through profit or loss (Note 7)	1,307	3,463
Financial assets at fair value through other comprehensive profit and loss (Note 8)	10,577	33,242
Compensation Benefits	8,537	88
Others	11,288	9,814
	$ 91,195	$ 90,742

c. Other gains and losses

	2023	2022
Loss and gain of financial assets at fair value through profit or loss (Note 7)	$ 1,115	($ 5,183)
Loss on financial assets at fair value through profit and loss (Note 7)	-	(13,364)
Net gain (loss) through foreign currency exchange	16,305	212,808
The gains (losses) on disposal and obsolescence of property, plant and equipment (Note 14)	561	2,391
Expenses from rental assets	(5,076)	(5,840)
Others	(600)	(900)
	$ 12,305	$ 189,912

d. Gain or loss on foreign currency exchange

	2023	2022
Total foreign exchange gains	$ 117,649	$ 326,998
Total foreign exchange losses	(101,344)	(114,190)
Net profit	$ 16,305	$ 212,808

e. Financial costs

	2023	2022
Interest on bank loans	$ 19,571	$ 6,486
Interest on lease liabilities (Note 30)	398	449
Less: Capitalized interest (included in construction in progress)	(119)	(100)
	$ 19,850	$ 6,835

Information about capitalized interest is as follows:

	2023	2022
Capitalized interest	$ 119	$ 100
Capitalization rate	1.50%-1.65%	0.85%-1.35%

f. Depreciation and amortization

	2023	2022
Property, plant and equipment (Note 14)	$ 205,104	$ 200,985
Right-of-use assets (Note 15)	8,522	5,828
Intangible assets (Note 17)	1,781	1,815
Total	$ 215,407	$ 208,628
Analysis of depreciation by function		
Cost of goods sold	$ 201,054	$ 196,055
Operating expenses	10,616	7,992
Other gains and losses	1,956	2,766
	$ 213,626	$ 206,813
Analysis of amortization by function		
Cost of goods sold	$ 1,600	$ 1,600
Administrative expenses	181	215
	$ 1,781	$ 1,815

g. Employee benefits expense

	2023	2022
Post-employment benefits (Note 22)		
Defined contribution plans	$ 21,345	$ 22,336
Defined benefit plans	3,529	3,785
	24,874	26,121
Insurance expenses	35,738	36,643
Other employee benefits	480,185	516,990
An analysis of employee benefits expense	$ 540,797	$ 579,754
An analysis of employee benefits expense by function		
Cost of goods sold	$ 425,602	$ 468,902
Operating expenses	115,195	110,852
	$ 540,797	$ 579,754

h. Employees' compensation and remuneration of directors

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

Due to losses in the fiscal year 2023, employee remuneration and director remuneration were not estimated. The estimated employee remuneration and director remuneration for the fiscal year 2022 were resolved by the Board of Directors on March 3, 2023 as follows:

	2022	
	Accrual rate	Distributed amount
Employees' compensation	1%	$ 5,524
Remuneration of directors	-	$ -

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

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

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

26. INCOME TAX

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

	2023	2022
Current tax		
In respect of the current year	$ 5,802	$ 109,203
Income tax on unappropriated earnings	-	35,512
Adjustments from previous years	(1,714)	(4,235)
	4,088	140,480
Deferred tax		
In respect of the current year	(77,748)	(8,191)
Adjustments from previous years	1,185	7
	(76,563)	(8,184)
Income tax expense (benefit) recognized in profit or loss	($ 72,475)	$ 132,296

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

	2023	2022
Profit (loss) before income tax	($ 346,012)	$ 544,374
Income tax expenses calculated at the statutory rate	($ 81,543)	$ 97,640
Fees that cannot be deducted from taxes	971	848
Tax-exempted income	(1,409)	(6,748)
Tax-exempt dividend income shall not be included in the deduction for losses.	5,389	-
Income tax on unappropriated earnings	-	35,512
Unrecognized deductible temporary difference	(1,528)	(1,322)
Unrecognized loss carry forwards	6,174	10,594
Adjustments for prior years	(529)	(4,228)
Income tax expense (benefit) recognized in profit or loss	($ 72,475)	$ 132,296

b. Income tax recognized in other comprehensive income

	2023	2022
Deferred tax		
Incurred this year		
— Exchange differences on translating the financial statements of foreign operations	$ 10,413	($ 8,199)
— Unrealized gains (losses) on financial assets at fair value through other comprehensive income	1	-
— Remeasurement of defined benefit plans	(1,909)	(6,228)
Income tax recognized in other comprehensive income	$ 8,505	($ 14,427)

c. Current income tax assets and liabilities

	December 31, 2023	December 31, 2022
Current income tax assets		
Tax refunds receivable	$ 1,571	$ 9,538
Current income tax liabilities		
Income tax payable	$ 904	$ 144,807

d. Deferred tax assets and liabilities

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

2023

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Temporary differences					
Provision for inventory impairment loss	$ 8,102	($ 1,099)	$ -	($ 11)	$ 6,992
Unrealized bad debt	11,600	(8,468)	-	(51)	3,081
Unrealized foreign exchange losses	3,651	1,695	-	-	5,346
Defined retirement benefit plans	25,196	(3,506)	(1,909)	-	19,781
Payables for annual leave	3,419	33	-	-	3,452
Unrealized net gain on sale of goods	1,412	(1,412)	-	-	-
Others	2,482	(531)	1	-	1,952
	55,862	(13,288)	(1,908)	(62)	40,604
Loss offsetting	3,711	79,580	-	(340)	82,951
	$ 59,573	$ 66,292	($ 1,908)	($ 402)	$ 123,555

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	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Deferred income tax liabilities					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	$ 12,695	$ -	($ 10,413)	$ -	$ 2,282
Share of profit of foreign subsidiaries accounted for using the equity method	52,312	(11,016)	-	-	41,296
Differences on depreciation between finance and tax	233	(50)	-	-	183
Reserve for land revaluation increment tax	143,860	-	-	-	143,860
Unrealized net loss on sales	-	795	-	-	795
	$ 209,100	($ 10,271)	($ 10,413)	$ -	$ 188,416

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance
Deferred income tax assets					
Temporary differences					
Provision for inventory impairment loss	$ 1,347	$ 6,756	$ -	($ 1)	$ 8,102
Unrealized bad debt	9,587	1,976	-	37	11,600
Unrealized foreign exchange losses	6,742	(3,091)	-	-	3,651
Defined retirement benefit plans	36,937	(5,513)	(6,228)	-	25,196
Payables for annual leave	3,906	(487)	-	-	3,419
Unrealized net gain on sale of goods	5,628	(4,216)	-	-	1,412
Others	1,556	926	-	-	2,482
	65,703	(3,649)	(6,228)	36	55,862
Loss offsetting	-	3,722	-	(11)	3,711
	$ 65,703	$ 73	($ 6,228)	$ 25	$ 59,573
Deferred income tax liabilities					
Temporary differences					
Exchange differences on translating the financial statements of foreign operations	$ 4,496	$ -	$ 8,199	$ -	$ 12,695
Share of profit of foreign subsidiaries accounted for using the equity method	59,729	(7,417)	-	-	52,312
Differences on depreciation between finance and tax	283	(50)	-	-	233
Reserve for land revaluation increment tax	143,860	-	-	-	143,860
Others	644	(644)	-	-	-

$ 209,012	($ 8,111)	$ 8,199	$ -	$ 209,100

e. Amount of the deductible temporary differences and unrecognized loss offsetting of deferred tax assets not recognized in the consolidated balance sheet

	December 31, 2023	December 31, 2022
Loss offsetting		
Maturity in 2023	$ -	$ 124,213
Maturity in 2024	124,333	124,333
Maturity in 2026	20,323	20,323
Maturity in 2027	41,993	41,993
Maturity in 2028	24,368	-
	$ 211,017	$ 310,862
Unrecognized temporary difference		
— Loss on impairment of accounts receivable	$ 65,028	$ 66,141
— Impairment loss recognized on property, plant and equipment	74,740	80,936
— Others	-	1,180
	$ 139,768	$ 148,257

f. Income tax assessments

The Company's income tax returns through 2021 have been assessed by the tax authorities.

g. Income tax related to subsidiaries were as follows:

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

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

27. EARNINGS (LOSS) PER SHARE

Unit: NT$ Per Share

	2023	2022
Basic earnings (loss) per share	($ 0.69)	$ 1.04
Diluted earnings (loss) per share	($ 0.69)	$ 1.04

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

Net profit for the year

	2023	2022
Earnings used in the computation of basic and diluted earnings per share	($ 273,537)	$ 412,078

Number of shares | Unit: Thousand shares

	2023	2022
Weighted average number of ordinary shares used for calculation of basic earnings per share	397,587	397,587
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	383
Weighted average number of ordinary shares used for calculation of diluted earnings per share	397,587	397,970

If the Company chooses to offer employee compensation or share profits in the form of cash or stock, while calculating diluted earnings per share, and assuming that the compensation is paid in the form of stock, the dilutive potential common shares will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The dilutive effect of such potential ordinary shares shall continue to be considered when calculating diluted earnings per share before the number of shares to be distributed as employee compensation is approved in the following year. The company incurred a loss in the fiscal year 2023, therefore the dilutive effect of the equivalent shares issued for employee compensation is excluded from the calculation of diluted loss per share.

28. CAPITAL RISK MANAGEMENT

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

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

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

29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments in equity instruments				
— Domestic listed shares	$ 93,886	$ -	$ -	$ 93,886
— Foreign unlisted shares	-	-	-	-
Beneficiary securities	67,292	-	-	67,292
Total	$ 161,178	$ -	$ -	$ 161,178
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
— Domestic listed shares	$ 298,421	$ -	$ -	$ 298,421
— Domestic unlisted shares	-	-	6	6
— Foreign unlisted shares	-	-	-	-
Total	$ 298,421	$ -	$ 6	$ 298,427

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investments in equity instruments				
— Domestic listed shares	$ 22,540	$ -	$ -	$ 22,540
— Foreign unlisted shares	-	-	-	-
Mutual funds	333,210	-	-	333,210
Beneficiary securities	59,303	-	-	59,303
Total	$ 415,053	$ -	$ -	$ 415,053
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
— Domestic listed shares	$ 333,929	$ -	$ -	$ 333,929
— Domestic unlisted shares	-	-	7	7
— Foreign unlisted shares	-	-	6	6
Total	$ 333,929	$ -	$ 13	$ 333,942

In 2023 and 2022, there was no transfer between Level 1 and Level 2 fair value measurements.

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

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

	2023	2022
Beginning balance	$ 13	$ 13
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	(7)	-

Ending balance	$ 6	$ 13

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

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

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

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

c. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss — Mandatorily classified as at fair value through profit or loss	$ 161,178	$ 415,053
Financial assets at amortized cost (Note 1)	4,100,806	4,390,550
Financial assets at fair value through other comprehensive income - equity instruments	298,427	333,942
Financial liabilities		
Measured at amortized cost (Note 2)	1,773,561	1,295,434

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Exchange Rate Risk

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

For the Company's monetary assets and liabilities, denominated in non-functional currencies on the balance sheet date (including the monetary items and nonfunctional currencies written off in the consolidated financial statements), please refer to Note 33.

Sensitivity analysis

The Company's sensitivity analysis mainly focuses on the foreign currency risk of U.S. dollars at the end of the reporting period. When the functional currency of the merged entity appreciates/depreciates against the US dollar by 3%, the pre-tax net loss of the Company for the fiscal year 2023 will increase/decrease by NT$22,495,000; the pre-tax net profit for the fiscal year 2022 will decrease/increase by NT$27,880,000.

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

b) Interest rate risk

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

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

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
— Financial assets	$ 1,579,097	$ 1,987,287
— Financial liabilities	758,759	338,374
Cash flow interest rate risk		
— Financial assets	650,236	732,984
— Financial liabilities	100,000	150,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rate risk of cash flow for both financial assets and liabilities at the end of the reporting period. The fixed-rate financial assets and liabilities held by the Company are not included in the analysis as they are all measured at amortized cost. The consolidated company uses a 0.5% increase/decrease in market interest rates as a reasonable risk assessment for reporting interest rate fluctuations to management Under the condition that all other variables remain constant, a 0.5% increase/decrease in market interest rates will result in a decrease/increase of NT$2,751,000 in the pre-tax net loss for the fiscal year 2023 of the Company; and an increase/decrease of NT$2,915,000 in the pre-tax net profit for the fiscal year 2022.

c) Other price risk

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

Sensitivity analysis

Sensitivity analysis is based on the price of marketable securities at the balance sheet date. However, in the financial assets of the Company 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 rises/falls by 5%, the pre-tax net loss for the fiscal year 2023 will decrease/increase by NT$8,059,000 due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss. The pre-tax net profit for the fiscal year 2022 will increase/decrease by NT$4,092,000 due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss (excluding money market fund investments.) In the 2023 and 2022 fiscal years, pre-tax other comprehensive income will increase/decrease by NT$14,921,000 and NT$16,697,000, respectively, due to the increase/decrease in fair value of financial assets measured at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company 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 Company's exposure and the credit ratings of its counterparties are continuously monitored.

Except for a specific customer of the consolidated company, whose accounts receivable balance accounted for 14% of the total accounts receivable and notes receivable as of December 31, 2022, the remaining accounts receivable are spread across numerous customers, diversified across different regions, and are not concentrated in a single customer or region. Furthermore, the Company mitigates credit concentration risk by obtaining letters of credit issued by financial institutions prior to shipment for the sales transactions to the aforementioned specific customers and continuously assesses the financial condition of its customers, and then the Company's credit risk was limited. As of the end of the reporting period, the Company's largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

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

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

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

December 31, 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		$ 948,561	$ -	$ -
Lease liabilities	1.10	5,013	20,052	10,026
Floating interest rate liabilities	1.69	100,019	-	-
Fixed interest rate liabilities	1.68	726,708	-	-
		$ 1,780,301	$ 20,052	$ 10,026

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

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 5,013	$ 20,052	$ 10,026

December 31, 2022

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

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

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

b) Financing facilities

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

	December 31, 2023	December 31, 2022
Bank loan facilities		
— Amount unused	$ 4,886,618	$ 6,102,770

30. RELATED PARTY TRANSACTIONS

The Company’s ultimate parent company is USI Corporation, which held 36.79% of the ordinary shares of the Company as of December 31, 2023 and 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 Company and other related parties are disclosed below.

a. Names and relations of related parties

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

b. Sales of goods

Related Party Category/Name	2023	2022
Ultimate parent company	$ 12,931	$ 14,065

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

c. Purchase of goods

Related Party Category/Name	2023	2022
Associate	$ 2,481	$ 2,279
Ultimate parent company	1,703	-
Fellow subsidiary	396	267
	$ 4,580	$ 2,546

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

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

Related Party Category/Name	December 31, 2023	December 31, 2022
Ultimate parent company	$ 4,200	$ -

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

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

Related Party Category/Name	December 31, 2023	December 31, 2022
Fellow subsidiary	$ 49	$ 27
Associate	-	630
	$ 49	$ 657

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

f. Other transactions with related parties

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

Related Party Category/Name	2023	2022
Associate		
China General Terminal & Distribution Corporation	$ 18,591	$ 23,672
TVCM	7,295	9,635
	25,886	33,307
Fellow subsidiary	261	262
Ultimate parent company	-	487
	$ 26,147	$ 34,056

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

Related Party Category/Name	2023	2022
Ultimate parent company		
USI	$ 5,061	$ 5,245
Fellow subsidiary		
Asia Polymer Corp.	1,805	2,392
Associate	1,441	1,451
	$ 8,307	$ 9,088

The rental expenses paid to Taiwan Poly Corporation and Asia Poly Corporation mainly cover the leasing of a portion of their Taipei office space and parking spaces, with the rent agreed upon based on the actual leased area each year, and payments are made monthly.

3) Lease arrangements

Related Party Category/Name	December 31, 2023	December 31, 2022
Lease liabilities - current		
Fellow subsidiary		
Asia Polymer Corporation	$ 4,665	$ 4,614
Lease liabilities - non-current		
Fellow subsidiary		
Asia Polymer Corporation	$ 29,094	$ 33,760

Related Party Category/Name	2023	2022
Lease expense		
Fellow subsidiary		
Asia Polymer Corporation	$ 5,013	$ 5,013
Interest expense		
Fellow subsidiary		
Asia Polymer Corporation	$ 398	$ 449

The Company leased land in Linyuan from Asia Polymer Corporation. The rental was paid on a monthly basis.

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

Related Party Category/Name	2023	2022
Associate		
China General Terminal & Distribution Corporation	$ 11,869	$ 11,549

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

5) Management service income (classified as other income)

Related Party Category/Name	2023	2022
Ultimate parent company		
USI	$ 4,891	$ 3,213

6) Management service expenses (classified as administrative expenses)

Related Party Category/Name	2023	2022
Fellow subsidiary		
UM	$ 73,694	$ 70,290

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

7) Donation (classified as general and administrative expenses)

Related Party Category/Name	2023	2022
Substantial related party		
USIF	$ -	$ 5,000

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

Related Party Category/Name	2023	2022
Fellow subsidiary	$ 1,861	$ 1,753
Associate	1,692	1,621
	$ 3,553	$ 3,374

9) Payments for property, plant and equipment

Related Party Category/Name	2023	2022
Ultimate parent company	$ 2,270	$ -

10) Disposal of property, plant and Equipment (2023: None)

	Disposals proceeds	Gain (loss) on disposal
Related Party Category/Name	2022	2022
Ultimate parent company	$ 6,588	$ -

11) Commission expense

Related Party Category/Name	2023	2022
Fellow subsidiary	$ 304	$ 77

12) Other receivables

Related Party Category/Name	December 31, 2023	December 31, 2022
Associate	$ 3,176	$ 1,961
Ultimate parent company	1,585	1,086
Fellow subsidiary	171	111
	$ 4,932	$ 3,158

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

13) Other payables

Related Party Category/Name	December 31, 2023	December 31, 2022
Associate	$ 2,721	$ 3,458
Fellow subsidiary	939	1,058
Ultimate parent company	779	578
	$ 4,439	$ 5,094

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

g. Remuneration of key management personnel

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

	2023	2022
Salaries and others	$ 21,230	$ 24,045
Retirement benefits	207	214
	$ 21,437	$ 24,259

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

31. ASSETS PLEDGED AS COLLATERAL

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

	December 31, 2023	December 31, 2022
Pledged time deposits		
— Classified as financial assets at amortized cost - current	3,000	5,000
— Classified as other assets - non-current	16,940	16,734
Property, plant and equipment, net	-	15,807
Land use rights		
— Classified right-of-use assets	-	20,099
	$ 19,940	$ 57,640

The consolidated company has used a portion of its real estate and land use rights (with carrying amounts of NT$13,689,000 and NT$18,973,000, respectively as of December 31, 2023) as collateral for financing facilities. The utilization period for the aforementioned financing facilities expired on December 31, 2023, and the company intends to apply for a continuation of the secured borrowing facilities from financial institutions. However, as of the date of issuance of these consolidated financial statements, the relevant procedures have not been completed.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

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

a. As of December 31, 2023 and December 31, 2022, the consolidated company had unused letter of credit balances of NT$120,000,000 and NT$60,000,000, respectively.

b. On the gas explosion in Kaohsiung:

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

On February 12, 2015, CGTD reached an agreement with the Kaohsiung City Government to provide a bank fixed deposit of NT$231,585,000 (including interest) as collateral for the losses incurred from the gas explosion incident. The Kaohsiung City Government also filed civil procedure requests in succession against LCY Chemical Corp., CGTD and CPC Corporation, Taiwan (“CPC”). Taiwan Power Company applied to the court for sequestration of CGTD’s property on August 27 and November 26, 2015 and CGTD has deposited cash of $99,207,000 to the court to avoid sequestration. Taiwan Water Corporation also applied to the court for false seizure of CGTD’s property on February 3 and March 2, 2017 respectively. As of February 27, 2024, the value of the assets seized from Hua Yun Warehousing Company is approximately NT$9,555,000.

As for the victims, CGTD, LCY Chemical Corp. and the Kaohsiung City Government signed a tripartite agreement for the compensation of the 32 victims’ families on July 17, 2015. Each victim’s family received $12,000,000 thousand, and the total compensation was $384,000,000. The compensation was advanced by LCY Chemical Corp. LCY Chemical Corp. was in charge of negotiating the compensation with the victims’ families and signing the settlement agreement on behalf of the three parties. And as separately agreed by the parties on August 10, 2022, NT$157,347,000, accounting for 30% of the negligent liability decided in the first instance, shall be paid to LCY Chemical Corp., and the rest shall be done after the ruling of the civil action.

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

As of February 27, 2024, victims, injured parties, or their relatives have filed civil (including criminal-related civil) lawsuits seeking compensation from Lee Chang Yung Chemical Industry Corp, CGTD, and Taiwan Petroleum Corporation for the Kaohsiung gas explosion incident. In order to reduce litigation costs, CGTD has reached a settlement agreement for a compensation amount of NT$46,677,000 in the original claim, with a settlement compensation amount of NT$4,519,000. Along with the case still in litigation and the above-mentioned compensation, the accumulated amount of compensation is NT$3,856,447,000. The first instance verdict of some of these civil cases (indemnity amount of NT$1,470,793,000) have been convicted since June 22, 2018 and most cases determined that the negligence liability ratio of Kaohsiung 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$401,979,000 (of which NT$6,194,000 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$1,882,829,000). 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$136,375,000, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

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

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

December 31, 2023

	Foreign Currency	Exchange Rate		Functional Currency	NT$
Foreign currency assets					
Monetary items					
USD	$ 51,835	30.7050	(USD:NTD)	$ 1,591,587	$ 1,591,587
Australian dollar	666	20.9800	(AUD:NT$)	13,964	13,964
CNY	583	4.3352	(CNY:NT$)	2,529	2,529
HKD	585	3.9290	(HKD:NT$)	2,299	2,299
CNY	288	0.1412	(CNY:US$)	41	1,248
Foreign currency liabilities					
Monetary items					
USD	18,287	30.7050	(USD:NTD)	561,489	561,489
USD	9,128	7.0827	(US$:CNY)	64,652	280,280

December 31, 2022

	Foreign Currency	Exchange Rate	Functional Currency	NT$
Foreign currency assets				
Monetary items				
USD	$ 54,155	30.7100 (USD:NT$)	$ 1,663,100	$ 1,663,100
EUR	58	32.7200 (EUR:NT$)	1,893	1,893
HKD	301	3.9380 (HKD:NT$)	1,186	1,186
CNY	288	0.1436 (CNY:US$)	41	1,259
Foreign currency liabilities				
Monetary items				
USD	14,711	30.7100 (USD:NT$)	451,777	451,777
USD	9,183	6.9646 (US$:CNY)	63,955	282,003

The consolidated company's net gains (realized and unrealized) from foreign currency exchange for the years 2023 and 2022 were NT$16,305,000 and NT$212,808,000, respectively. Due to the wide variety of foreign currency transactions, it is not possible to disclose the exchange gains and losses by significant currency types.

34. SUPPLEMENTARY DISCLOSURES

a. Information about significant transactions:

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

b. Information about investees. (Table 4)

c. Information on investments in mainland China:

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

year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)

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

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

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 6)

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

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

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

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

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

35. DEPARTMENT INFORMATION

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

a. Segment revenue and results

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

	Department revenue		Department gains	
	2023	2022	2023	2022
Styrenic products	$14,679,263	$17,547,972	($ 521,990)	$ 186,109
Glasswool (including curved surface printing)	526,199	535,827	57,593	39,348
Total amount from continuing operations	$15,205,462	$18,083,799	(464,397)	225,457
Interest income			45,090	42,437
Other income			91,195	90,742
Other gains and losses			12,305	189,912
Share of profit or loss of the associates for under the equity method			(10,355)	2,661
Financial costs			(19,850)	(6,835)
Net income (loss) before tax of continuing operations			($ 346,012)	$ 544,374

The revenue reported above is generated from the transactions with external clients. There were no transactions between the departments in 2023 and 2022.

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

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

b. Other information of the departments

	Depreciation and amortization	
	2023	2022
Styrenic products	$ 183,212	$ 181,691
Glasswool (including curved surface printing)	32,195	26,937
	$ 215,407	$ 208,628

c. Revenue from main products

The analysis of the revenue from the main products of the continuing operations of the Company is as follows:

	2023	2022
EPS	$ 7,053,924	$ 8,392,101
ABS	3,864,781	4,719,362
GPS	3,754,518	4,431,005
Glasswool products	526,199	521,864
Curved surface printing	-	13,963
IPS	6,040	5,504
	$ 15,205,462	$ 18,083,799

d. Region-specific information

The revenue from the continuing operations of the Company from external clients is classified according to the country of domicile of the clients, and non-current assets are listed by the regions of the asset as follows:

	Revenue from external clients		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Asia	$ 11,180,006	$ 13,306,485	$ 2,303,253	$ 2,139,336
America	1,769,179	2,386,836	-	-
Africa	1,726,672	1,963,966	-	-
Europe	279,704	244,474	-	-
Others	249,901	182,038	-	-
	$ 15,205,462	$ 18,083,799	$ 2,303,253	$ 2,139,336

Non-current assets refer to property, factory, equipment, right-of-use assets, investment property, and intangible assets.

e. Important information of the clients

No revenue of the Company in 2023 and 2022 accounted for more than 10% of net sales revenue of clients, so there is no need for disclosure.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED FOR OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Period (Note 1)	Outstanding Endorsement/Guarantee at the End of the Period (Note 1)	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement /Guarantee Given on Behalf of Companies in Mainland China
		Name of Associates	Relationship										
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	100% voting shares directly owned by the Company	$ 6,647,991	$ 184,230 (US $6,000,000)	$ 92,115 (US $3,000,000)	$ -	$ -	1.39%	$ 9,971,987	Yes	No	No
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	100% voting shares directly owned by the Company's subsidiary	6,647,991	346,816 (CNY 80,000,000)	216,760 (CNY 50,000,000)	-	-	3.26%	9,971,987	Yes	No	Yes

Note 1: The exchange rate is calculated based on the spot rate as of December 31, 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 Company. The endorsement/guarantee on behalf of other company shall not exceed 150% of the equity attributable to owners of the Company.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

SECURITIES HELD AT END OF PERIOD
DECEMBER 31, 2023
Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Accounting items	End of period				Note
				Number of shares/units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taita Chemical Co., Ltd.	Stock							
	USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	15,109,901	$ 298,421	1.27%	$ 298,421	Note 1
	Harbinger Venture Capital Corp.	—	〃	990	6	0.50%	6	Note 2
	Taiwan Cement Corporation	—	Financial assets at FVTPL - current	2,000,000	69,700	0.03%	69,700	Note 1
	UPC Technology Corporation	—	〃	282,000	4,286	0.02%	4,286	Note 1
	China Steel Corporation	—	〃	350,000	9,450	-	9,450	Note 1
	Hon Hai Precision Industry Co., Ltd.	—	〃	100,000	10,450	-	10,450	Note 1
	Beneficiary securities							
	Cathay No. 1 Real Estate Investment Trust Fund	—	Financial assets at FVTPL - current	3,963,000	67,292	-	67,292	Note 1
TAITA (BVI) Holding Co., Ltd.	Stock							
	Budworth Investment Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	20,219	- (US $ thousand)	2.22%	- (US $ thousand)	Note 3
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.74%	-	Note 3
	Sohoware Inc. - preference shares	—	〃	100,000	-	-	-	Note 3

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

Note 2: The Company utilizes the asset approach and takes into account the most recent net asset value, observable financial status as well as the financing activities of investees in order to determine their net asset value.

Note 3: As of December 31, 2022, the Company evaluates the fair value of the equity instrument as $0.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company with accounts receivable listed	Counterparty	Relationship	Accounts Receivable from Related Parties Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taita Chemical Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Other receivables $280,281 (US$ 9,128,000) (Notes 1 and 3)	-	$ 280,281	Keep collecting the outstanding payment	$ -	$ -

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

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

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

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		End-of-period holdings			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note (Note 1)
				End of the Current Period	End of the Previous Period	Number of Shares	Ratio	Carrying Amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	$ 2,755,405 (US $89,738,000)	$ 2,755,405 (US $89,738,000)	89,738,000	100.00%	$ 3,037,367 (US $98,921,000)	($ 55,081) (Loss US$ 1,756,000)	($ 55,081) (Loss US$ 1,756,000)	Subsidiary (Note 2)
	China General Plastics Corporation	Taipei, Taiwan	Manufacture and marketing of PVC plastic cloth and three-time processed products	65,365	65,365	11,516,174	1.98%	189,901	341,916	6,777	Investments accounted for using the equity method
	China General Terminal & Distribution Corporation	Taipei, Taiwan	Warehousing and transportation of petrochemical raw materials	41,082	41,082	25,053,468	33.33%	329,972	(26,036)	(8,679)	Investments accounted for using the equity method
	Acme Electronics Corporation	Taipei, Taiwan	Manufacture and marketing of manganese-zinc and ferrite core	55,702	44,771	4,991,556	2.34%	41,468	(171,224)	(4,013)	Investments accounted for using the equity method
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	52,200 (US $1,700,000)	52,200 (US $1,700,000)	2,695,619	4.42%	61,348 (US $1,998,000)	(94,932) (Loss US $3,046,000)	-	Investments accounted for using the equity method

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

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

Note 3: Investments in mainland China are included in Table 5.

TABLE 5

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
Unit: In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee Company in mainland China	Main Businesses and Products	Paid-in Capital	Method and Medium of Investment	Cumulative investment amount exported from Taiwan at the beginning of the current period	Investment Flows		Cumulative investment amount exported from Taiwan at the end of the current period	Profit (Loss) of Investee for the Period (Note 6)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 6)	End-of-period investment book value (Note 6)	Cumulative investment income repatriated as of the end of the current period
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)")	Production and marketing of polystyrene derivatives	$ 1,420,106 (US $46,250,000) (Note 1)	Investments through a holding company registered in a third region	$ 1,320,315 (US $43,000,000)	$ -	$ -	$ 1,320,315 (US $43,000,000)	(46,739) (Loss US $1,495,000)	100%	(46,739) (Loss of US$1,495,000) (Note 7)	$ 1,750,099 (US $56,997,000) (Note 7)	$ -
Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)") (Note 8)	Production and marketing of polystyrene derivatives	839,782 (US $27,350,000) (Note 2)	Investments through a holding company registered in a third region	798,330 (US $26,000,000)	-	-	798,330 (US $26,000,000)	(18,581) (Loss of US $602,000)	100%	(18,581) (Loss of US$1,495,000) (Note 7)	(168,501) (US $5,488) (Note 7)	-
Zhangzhou Taita Chemical Co., Ltd. ("TTC (ZZ)")	Production and marketing of polystyrene derivatives	1,491,636 (US $48,580,000) (Note 3)	Investments through a holding company registered in a third region	-	-	-	-	17,358 (Gain US$ 570,000)	100%	17,358 (Gain US$ 570,000) (Note 7)	1,359,597 (US $44,279,000) (Note 7)	-
Acme Electronics (Kunshan) Co., Ltd. ("Acme (KS)")	Manufacturing and marketing of manganese-zinc soft ferrite core	943,411 (US $30,725,000)	Investments through Acme Electronics (Cayman) Corp. registered in a third region	41,575 (US $1,354,000)	-	-	41,575 (US $1,354,000)	(104,690) (Loss US $3,362,000)	4.42%	(4,922) (Loss US $158,000)	29,952 (US $975,000)	-

Cumulative investment amount exported from Taiwan to mainland China as of the end of the current period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$2,160,220 (US$70,354,000)	$3,863,221 (US$125,817,000) (Note 4)	$ - (Note 5)

Note 1:TTC (ZS) resolved to issue share dividends of US$3,250,000 in 2007.

Note 2:TTC (TJ) resolved to issue share dividends of US$1,350,000 in 2012.

Note 3:TTC (ZZ) was registered for the year 2021, and Taita (BVI) injected US$48,580,000 into TTC (ZZ) on March 8, 2022.

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

Note 5:According to Letter No. 120230416710 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 for details.

TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

THE BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND ITS SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2023
Unit: NT$ in thousands

No.	Investee Company	Counterparty	Relationship with Counterparty	Transactions Details			
				Ledger Account	Amount (Note 2)	Transaction Details	Accounted for total consolidated revenue or The ratio of total assets (Note 1)
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	The parent company to subsidiaries	Sales revenue	$ 5,152	No significant difference with non-related parties	0.03%
		Taita Chemical (Tianjin) Co., Ltd.	The parent company to subsidiaries	Other receivables from related parties	280,281	No significant difference with non-related parties	3.15%
1	TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	The parent company to subsidiaries	Other payables from related parties	4,606	No significant difference with non-related parties	0.05%

Note 1: The amount of the transactions is calculated as the ratio of the total consolidated revenue or total assets. In the case of asset-liability accounts, the balance at the end of the period is calculated as the proportion of the total consolidated assets; in the case of profit and loss accounts, the cumulative amount at the end of the period is calculated as the proportion of the total consolidated revenue.

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

TABLE 7

TAITA CHEMICAL CO., LTD.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS
DECEMBER 31, 2023

Name of substantial shareholders	Shares	
	Number of shares held	%
Union Polymer International Investment Corporation	146,263,260	36.79%

Note 1: The information of substantial shareholders in this attachment refers to the information calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of the current quarter of which the total number of common stocks and special stocks of the Company held, amounting to more than 5%, by the shareholder has been delivered without physical registration (including treasury shares). The capital stock recorded in the consolidated financial statements of the Company and the actual number of shares delivered without physical registration may be different or discrepant due to different compilation and calculation basis.