# Taita Chemical Co., Ltd.

## Parent Company Only Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

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## Independent Auditors' Report

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

**Audit Opinion**

We have audited the accompanying financial statements of Taita Chemical Co., Ltd. (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 financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Taita Chemical Co., Ltd. from January 1 to December 31, 2023 and 2022 and its financial performance and its cashflows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance to Taita Chemical Co., Ltd. in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's parent company only financial statements for the year ended December 31, 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, the sales revenue of Taita Chemical Industries Co., Ltd. for fiscal year 2023 has declined compared to 2022. However, there has been a growth trend in sales in specific regions compared to 2022. It is crucial to determine whether the sales revenue in these specific regions truly satisfies contractual obligations, as it will have a significant impact on the individual financial report. Therefore, it is listed as a key audit matter for this fiscal year.

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

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

1. We understood and 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, the responsibility of the management also includes evaluating the ability of Taita Chemical Industrial Co., Ltd. to continue as a going concern, disclosing related matters, and adopting the going concern basis of accounting, unless the management intends to liquidate Taita Chemical Industrial Co., Ltd. or cease operations, or unless there are no other practical alternative plans other than liquidation or cessation of operations.

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

**Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement of the parent company only financial statements when it exists. Misstatements can arise from fraud or error. If individual amounts or aggregate totals of false statements are reasonably expected to affect the economic decisions made by users of the individual financial statements, they are considered material.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determined those matters that were of most significance of Taita Chemical Co., Ltd. in the audit of the financial statements for the year ended December 31, 2023 and are therefore key audit matters. The CPA describes these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the CPA determines 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.<br>Financial Supervisory Commission (FSC) Certificate No. 0930160267 | Securities and Futures Commission Approval No.<br>Securities and Futures Commission Certificate No. 0920123784 |

March 7, 2024

Notice to Readers:

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

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# TAITA CHEMICAL CO., LTD.

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

| Code | Assets | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current Assets | | | | |
| 1100 | Cash and cash equivalents (Notes 4 and 6) | $ 436,896 | 5 | $ 477,979 | 5 |
| 1110 | Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 161,178 | 2 | 415,053 | 5 |
| 1136 | Financial assets at amortized cost - current (Notes 4, 9 and 30) | 13,000 | - | 5,000 | - |
| 1150 | Notes receivable (Notes 4 and 10) | 26,411 | 1 | 45,071 | - |
| 1170 | Accounts receivable (Notes 4, 5 and 10) | 983,425 | 11 | 1,095,975 | 12 |
| 1180 | Accounts receivable from related parties (Notes 4, 5, 10 and 29) | 4,200 | - | - | - |
| 1200 | Other receivables (Notes 4 and 10) | 70,990 | 1 | 67,612 | 1 |
| 1210 | Other receivables from related parties (Notes 4, 10 and 29) | 285,042 | 3 | 285,580 | 3 |
| 1220 | Current tax assets (Notes 4 and 25) | 767 | - | - | - |
| 130X | Inventories (Notes 4, 5 and 11) | 899,246 | 10 | 733,589 | 8 |
| 1410 | Prepayments and other current assets | 87,930 | 1 | 80,783 | 1 |
| 11XX | Total current assets | 2,969,085 | 34 | 3,206,642 | 35 |
| | Non-current Assets | | | | |
| 1517 | Financial assets at fair value through other comprehensive incomes - non-current (Notes 4 and 8) | 298,427 | 4 | 333,936 | 4 |
| 1550 | Investments accounted for under the equity method (Notes 4, 5 and 12) | 3,598,708 | 41 | 3,720,661 | 41 |
| 1600 | Property, plant, and equipment (Notes 4, 13 and 29) | 1,643,175 | 19 | 1,648,052 | 18 |
| 1755 | Right-of-use assets (Notes 4, 14 and 29) | 32,336 | - | 36,955 | - |
| 1760 | Investment properties, net (Notes 4 and 15) | 108,178 | 1 | 108,178 | 1 |
| 1780 | Intangible assets (Notes 4 and 16) | 498 | - | 2,279 | - |
| 1840 | Deferred income tax assets (Notes 4 and 25) | 102,440 | 1 | 50,908 | 1 |
| 1900 | Other non-current assets (Note 30) | 25,270 | - | 23,829 | - |
| 15XX | Total non-current assets | 5,809,032 | 66 | 5,924,798 | 65 |
| 1XXX | Total assets | $ 8,778,117 | 100 | $ 9,131,440 | 100 |

| Code | Liabilities and Equity | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| | Current Liabilities | | | | |
| 2100 | Short-term borrowings (Note 17) | $ 825,000 | 9 | $ 150,000 | 2 |
| 2170 | Accounts payable (Note 18) | 690,429 | 8 | 587,893 | 6 |
| 2180 | Accounts payable to related parties (Notes 18 and 29) | 49 | - | 657 | - |
| 2200 | Other payables (Note 19) | 237,103 | 3 | 260,086 | 3 |
| 2220 | Other payables from related parties (Note 29) | 4,439 | - | 5,094 | - |
| 2230 | Current tax liabilities (Notes 4 and 25) | 904 | - | 142,379 | 2 |
| 2280 | Lease liabilities - current (Notes 4, 14 and 29) | 4,665 | - | 4,614 | - |
| 2365 | Refund liabilities - current (Note 20) | 1,314 | - | 1,102 | - |
| 2399 | Other current liabilities | 46,727 | - | 100,841 | 1 |
| 21XX | Total current liabilities | 1,810,630 | 20 | 1,252,666 | 14 |
| | Non-current Liabilities | | | | |
| 2540 | Long-term borrowings (Note 17) | - | - | 300,000 | 3 |
| 2570 | Deferred income tax liabilities (Notes 4 and 25) | 188,416 | 2 | 209,100 | 2 |
| 2580 | Lease liabilities - non-current (Notes 4, 14 and 29) | 29,094 | 1 | 33,760 | - |
| 2640 | Net defined benefit liabilities - non-current (Notes 4 and 21) | 100,640 | 1 | 127,716 | 2 |
| 2670 | Other non-current liabilities | 1,346 | - | 1,984 | - |
| 25XX | Total non-current liabilities | 319,496 | 4 | 672,560 | 7 |
| 2XXX | Total liabilities | 2,130,126 | 24 | 1,925,226 | 21 |
| | Equity (Notes 12, 21 and 22) | | | | |
| | Share capital | | | | |
| 3110 | Common stock | 3,975,868 | 46 | 3,975,868 | 44 |
| 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 | 76 | 7,206,214 | 79 |
| | Total liabilities and equity | $ 8,778,117 | 100 | $ 9,131,440 | 100 |

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

Notice to Readers:

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# TAITA CHEMICAL CO., LTD.

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

| Code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| 4100 | Net revenue (Notes 4, 20, 23 and 29) | $ 10,576,796 | 100 | $ 12,870,472 | 100 |
| 5110 | Cost of goods sold (Notes 11, 13, 14, 21, 24 and 29) | 10,121,466 | 96 | 11,123,548 | 87 |
| 5900 | Gross profit | 455,330 | 4 | 1,746,924 | 13 |
| 5920 | Realized losses from sales with subsidiaries | - | - | ( 2,181 ) | - |
| | Operating expenses (Notes 10, 13, 14, 21, 24 and 29) | | | | |
| 6100 | Selling and marketing expenses | 643,191 | 6 | 1,295,984 | 10 |
| 6200 | General and administrative expenses | 136,201 | 1 | 128,765 | 1 |
| 6300 | Research and development expenses | 15,832 | - | 15,312 | - |
| 6450 | Gain on reversal of expected credit loss | ( 218 ) | - | ( 1 ) | - |
| 6000 | Total operating expenses | 795,006 | 7 | 1,440,060 | 11 |
| 6900 | Profit (loss) from operations | ( 339,676 ) | ( 3 ) | 304,683 | 2 |
| | Non-operating income and expenses (Notes 7, 12, 15, 24 and 29) | | | | |
| 7100 | Interest income | 7,602 | - | 3,800 | - |
| 7010 | Other income | 56,305 | 1 | 77,178 | 1 |
| 7020 | Other gains and losses | 17,605 | - | 202,146 | 1 |
| 7070 | Shares of profit (loss) in subsidiaries and/or associates accounted for under the equity method | ( 60,996 ) | ( 1 ) | ( 34,101 ) | - |
| 7510 | Financial costs | ( 19,850 ) | - | ( 6,835 ) | - |
| 7000 | Total non-operating income and expenses | 666 | - | 242,188 | 2 |

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| Code | | 2023 Amount | 2023 % | 2022 Amount | 2022 % |
|---|---|---|---|---|---|
| 7900 | Profit (loss) before income tax | ($ 339,010) | (3) | $ 546,871 | 4 |
| 7950 | Income tax expense (benefit) (Notes 4 and 25) | (65,473) | (1) | 134,793 | 1 |
| 8200 | Net profit for the year | (273,537) | (2) | 412,078 | 3 |
| | Other comprehensive incomes (Notes 8, 12, 21, 22 and 25) | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Remeasurement of defined benefit plans | 9,544 | - | 31,140 | - |
| 8316 | Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | (35,509) | (1) | (142,789) | (1) |
| 8320 | Shares of other comprehensive incomes (losses) in associates accounted for under the equity method - unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive incomes | (17,499) | - | (31,941) | - |
| 8330 | Shares of other comprehensive incomes (losses) in associates accounted for under 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) | (1) | (144,467) | (1) |

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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 | ($ 52,067) | - | $ 40,992 | - |
| 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 | ( 819) | - | 1,198 | - |
| 8390 | 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(loss) for the year (net of income tax) | ( 87,995) | ( 1) | ( 110,476) | ( 1) |
| 8500 | Total comprehensive income for the year | ($ 361,532) | ( 3) | $ 301,602 | 2 |
| | Earnings (losses) per share (Note 26) | | | | |
| 9710 | Basic | ($ 0.69) | | $ 1.04 | |
| 9810 | Diluted | ($ 0.69) | | $ 1.04 | |

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

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# TAITA CHEMICAL CO., LTD.

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

| | | Share capital (Note 22) | | Capital surplus (Notes 12 and 22) | | | Retained earnings (Notes 21 and 22) | | | | Other equity (Notes 12 and 22) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Code | | Shares (In Thousands) | Amount | Long-tern equity investment | Other capital surplus | Total | Legal reserve | Special reserve | Unappropriated earnings | Total | Overseas Operating Organization Financial Statement Conversion Exchange Differences | Fair Value of Financial Assets Measured at Fair Value through Other Comprehensive Income Unrealized gain (loss) | 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 as of December 31, 2022 | 397,587 | 3,975,868 | 660 | 439 | 1,099 | 457,804 | 308,061 | 2,254,818 | 3,020,683 | ( 110,541 ) | 319,105 | 208,564 | 7,206,214 |
| | 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 as of 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.

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

| Code | | 2023 | 2022 |
|---|---|---|---|
| | Cash flows from operating activities | | |
| A10000 | Profit before income tax | ($ 339,010) | $ 546,871 |
| | Income, expenses, and losses items | | |
| A20100 | Depreciation expenses | 170,566 | 171,282 |
| A20200 | Amortization expenses | 1,781 | 1,815 |
| A20300 | Gain on reversal of expected credit loss | ( 218) | ( 1) |
| A20400 | Net loss (gain) on financial assets and liabilities measured at fair value through profit or loss | ( 1,115) | 18,547 |
| A20900 | Financial costs | 19,850 | 6,835 |
| A21200 | Interest income | ( 7,602) | ( 3,800) |
| A21300 | Dividend income | ( 11,884) | ( 36,705) |
| A22300 | Shares of profit (loss) in subsidiaries and/or associates accounted for under the equity method | 60,996 | 34,101 |
| A22500 | Loss (Gain) on Disposal and Retirement of Property, factory and Equipment | ( 960) | ( 3,333) |
| A23700 | (Reversal of) write-down of inventory valuation and obsolescence | ( 1,830) | 27,051 |
| A24000 | Realized losses from sales with subsidiaries | - | 2,181 |
| 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 | 18,660 | ( 342) |
| A31150 | Accounts receivable | 104,857 | 684,297 |
| A31160 | Accounts receivable from related parties | ( 4,200) | 542 |
| A31180 | Other receivables | ( 3,560) | 26,577 |
| A31190 | Other receivables from related parties | 538 | ( 26,309) |
| A31200 | Inventories | ( 163,827) | 252,856 |
| A31230 | Prepayments and other current assets | ( 7,147) | ( 12,366) |
| A32150 | Accounts payable | 102,536 | ( 359,336) |
| A32160 | Accounts payable from related parties | ( 608) | 629 |
| A32180 | Other payables | ( 31,460) | ( 145,817) |
| A32190 | Other payables from related parties | ( 655) | ( 1,701) |

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| Code | | 2023 | 2022 |
|---|---|---|---|
| A32230 | Other current liabilities | ( $ 54,114 ) | $ 46,509 |
| A32240 | Net defined benefit liabilities | ( 17,532 ) | ( 27,563 ) |
| A33000 | Cash generated from operations | 97,175 | 1,473,113 |
| A33100 | Interest received | 7,784 | 3,628 |
| A33300 | Interest paid | ( 19,388 ) | ( 6,766 ) |
| A33500 | Income tax paid | ( 140,480 ) | ( 438,622 ) |
| AAAA | Net cash flows from operating activities | ( 54,909 ) | 1,031,353 |
| | Cash flows from investing activities | | |
| B00040 | Purchase of financial assets at amortized cost | ( 10,000 ) | ( 3,000 ) |
| B00050 | Disposal of financial assets measured at amortized cost | 2,000 | 1,000 |
| B01800 | Acquisition of long-term equity investment using the equity method | ( 10,931 ) | - |
| B02700 | Acquisition of property, plant and equipment | ( 156,104 ) | ( 95,064 ) |
| B02800 | Disposal of property, plant, and equipment | 960 | 9,921 |
| B03700 | Increase in guarantee deposits | ( 18,188 ) | ( 748 ) |
| B03800 | Decrease in guarantee deposits | 16,747 | 1,705 |
| B07600 | Dividends received | 15,339 | 65,495 |
| BBBB | Net cash used in investing activities | ( 160,177 ) | ( 20,691 ) |
| | 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 | ( 638 ) | 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 | 174,003 | ( 958,558 ) |
| EEEE | Cash and cash equivalents (decrease) increase for the current year | ( 41,083 ) | 52,104 |
| E00100 | Cash and cash equivalents at the beginning of period | 477,979 | 425,875 |
| E00200 | Cash and cash equivalents at the end of period | $ 436,896 | $ 477,979 |

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

# TAITA CHEMICAL CO., LTD.

**NOTES TO 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 have been listed on the Taiwan Stock Exchange since 1986. 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 functional currency of the Company is the New Taiwan dollar, and the financial statements of the Company are presented in the Company's functional currency.

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

The Parent Company Only 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. FSC-endorsed IFRSs that are applicable from 2024 onward

| New/Revised/Amended Standards and Interpretations | Effective Date of Issuance by the IASB (Note 1) |
|---|---|
| Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback" | January 1, 2024 (Note 2) |
| Amendments to IAS 1 "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. The International Accounting Standards Board (IASB) has issued IFRS accounting standards that have been published, but have not yet been approved by the Financial Supervisory Commission (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.

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Compliance declaration

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Preparation basis

The 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.

When preparing these financial statements, the Company uses the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates, and the related equity items, as appropriate, in these financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign Currency

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

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

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

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

For the purpose of presenting the parent company only financial statements, the functional currencies of the Company (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; Income and expenses are translated at the average exchange rates for the period. The exchange difference arising are recognized in other comprehensive profit or loss.

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

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

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of the interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

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

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. In addition, equity changes in associates are recognized based on the shareholding ratio.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. 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.

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

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 equity method from the date when its investment is no longer an associate. Its retained interest in the associate is measured at fair value, and the difference between the fair value and the carrying amount of the investment and the carrying amount of the investment at the date of acquisition of the equity method is included in profit or loss for the current period.

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

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 methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

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

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

j. Intangible assets

Intangible assets with a limited-service life are initially measured at cost and subsequently measured at cost less cumulative amortization and cumulative impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

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

At the end of each reporting period, the Company reviews the carrying amounts of its property, factory, 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 financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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) Comprehensive Income

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

a) Types of measurement

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

i. Financial assets at fair value through profit or loss

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

Financial assets at FVTPL 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. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

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

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

b) Impairment of financial assets

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

Accounts receivable are recognized as lifetime expected credit loss (ECLs). Other financial assets are initially assessed for a significant increase in credit risk since their initial recognition. If there is no significant increase, then an expected credit loss is recognized based on a 12-month expected credit loss. If there is a significant increase, then an expected credit loss is recognized based on the lifetime expected credit loss.

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset 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. Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

3) Derivative instruments

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

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

m. Revenue recognition

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

Revenue from sale of goods

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

n. Leases

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

1) Where the Company is a lessor:

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

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

2) Where the Company is a lessee:

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

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

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

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

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

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the costs of those assets until 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 under the laws and regulations in each income tax declaration jurisdiction and calculates the income tax payable (recoverable) accordingly.

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

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

2) Deferred 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 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 liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive 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

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

When developing significant accounting estimates, our company takes into account the potential impact of climate change, related government policies and regulations, and fluctuations in the energy market on cash flow projections, growth rates, discount rates, and profitability. Management will continue to review the estimates and underlying assumptions.

Primary Sources of Estimation Uncertainties

a. Estimated impairment of accounts receivable

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

b. Write-down of inventories

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

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

The Company's associate, China General Terminal & Distribution Corporation ("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 | 104,951 | 43,819 |
| Cash equivalents | | |
| Fixed term deposits | 331,614 | 287,964 |
| Bonds sold under repurchase agreement | - | 145,825 |
| | $436,896 | $477,979 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Time deposits | 5.27%-5.38% | 1.18%-4.18% |
| 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 |
| — Mutual fund | - | 333,210 |
| — Beneficiary securities | 67,292 | 59,303 |
| | $161,178 | $415,053 |

In the fiscal year 2022, the main purpose of our company's forward foreign exchange transactions was to hedge against the risks arising from exchange rate fluctuations on foreign currency assets and liabilities. As these contracts 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 fiscal years 2023 and 2022, respectively. In fiscal year 2022, the Company incurred a net loss of NT$13,364 ,000 from financial liabilities measured at fair value through profit or loss (fiscal year 2023: 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. ("Harbinger") | 6 | 7 |
| | $ 298,427 | $ 333,936 |

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the 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 30) | 1.53% | 1.32%-1.41% |

Refer to Note 30 for information related to the pledged financial assets at amortized cost.

## 10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes receivable (1) | | |
| Notes receivable - operating | $ 26,411 | $ 45,071 |
| | | |
| Accounts receivable (1) | | |
| Measured at amortized cost | | |
| Total carrying amount | $ 984,189 | $ 1,149,707 |
| Less: Allowance for impairment loss | ( 764 ) | ( 53,732 ) |
| | $ 983,425 | $ 1,095,975 |
| | | |
| Accounts receivable from related parties (1) (Note 29) | $ 4,200 | $ - |
| | | |
| Other receivables (2) | | |
| Business tax refund receivable | $ 70,889 | $ 67,204 |
| Others: | 101 | 408 |
| | $ 70,990 | $ 67,612 |
| | | |
| Other receivables from related parties (Note 29) | $ 285,042 | $ 285,580 |

a. Notes receivable and accounts receivable

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

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. 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.

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

December 31, 2023

| | Credit Rating A | Credit Rating B | Credit Rating C | Others | Total |
|---|---|---|---|---|---|
| Total carrying amount | $ 7,018 | $ 108,374 | $ 88,181 | $ 811,227 | $1,014,800 |
| Loss allowance (Lifetime ECL) | - | - | - | ( 764 ) | ( 764 ) |
| Amortized cost | $ 7,018 | $ 108,374 | $ 88,181 | $ 810,463 | $1,014,036 |

December 31, 2022

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

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

| | 2023 | 2022 |
|---|---|---|
| Beginning Balance | $ 53,732 | $ 53,733 |
| Amounts written off | ( 52,750 ) | - |
| Gain on reversal of expected credit loss | ( 218 ) | ( 1 ) |
| Ending Balance | $ 764 | $ 53,732 |

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Not past due | $ 984,376 | $ 1,105,180 |
| Past due within 60 days | 29,655 | 33,011 |
| Past due over 61 days | 769 | 56,587 |
| Total | $ 1,014,800 | $ 1,194,778 |

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 specific customers whose balances of accounts receivable as of December 31, 2023 and December 31, 2022 accounted for 14% and 20% of the total balances of notes receivable and accounts receivable, respectively, the balances of notes receivable and accounts receivable for other customers did not exceed 10% of the total balances of notes receivable and accounts receivable. Our Company has a wide range of customers who are not related to each other, so the risk of concentration of credit is limited.

b. Other receivables

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

## 11. INVENTORIES

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Finished goods | $ 416,730 | $ 359,669 |
| Work in process | 153,301 | 130,666 |
| Raw materials | 309,307 | 218,227 |
| Production supplies | 19,908 | 25,027 |
| | $ 899,246 | $ 733,589 |

The cost of goods sold related to inventory for the years 2023 and 2022 were NT$10,121,466 and NT$11,123,548, respectively.

The cost of goods sold for the fiscal year 2023 includes a net realizable value impairment loss on inventory of NT$1,830,000.

The cost of goods sold for the fiscal year 2022 includes a provision for inventory net realizable value impairment loss of NT$27,051,000.

## 12. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Investments in subsidiaries | $ 3,037,367 | $ 3,144,353 |
| Investments in associates | 561,341 | 576,308 |
| | $ 3,598,708 | $ 3,720,661 |

a. Investments in subsidiaries

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Unlisted company | | |
| TAITA (BVI) Holding Co., Ltd. (TAITA (BVI)) | $ 3,037,367 | $ 3,144,353 |

| Investor Company | Name of Subsidiary | Nature of Business | Proportion of Ownership December 31, 2023 | Proportion of Ownership December 31, 2022 |
|---|---|---|---|---|
| The Company | TAITA (BVI) | Reinvestment | 100% | 100% |

Through TAITA (BVI), the Company indirectly invested in Taita Chemical (Tianjin) Co., Ltd. (“Taita (TJ)”). The management stopped the production of Taita (TJ) in April 2019 as a result of the reduction in demand of EPS, which is the main product of Taita (TJ) in the local market.

On December 3, 2020, the Board of Directors of the Company resolved to establish Zhangzhou Taita Chemical Company Ltd. (TTC (ZZ)) with a capital contribution of CNY314,000,000 from TAITA (BVI). The main business of TTC (ZZ) is the production and sale of EPS. The establishment of TTC (ZZ) was registered on June 28, 2021, and TAITA (BVI) injected CNY306,950,000 (USD48,580,000) into TTC (ZZ) on March 8, 2022.

The investments in subsidiaries accounted for by the equity method and the shares of profit or loss and other comprehensive incomes in subsidiaries for the years ended December 31, 2023 and 2022 were based on the subsidiaries’ financial statements audited by auditors for the same years.

b. Investments in associates

| | 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 |
| | $ 561,341 | $ 576,308 |

Aggregate information of associates that are not individually material

| | 2023 | 2022 |
|---|---|---|
| The Company’s shares of: | | |
| Profits from continuing operations | ($ 5,915) | $ 2,983 |
| Other comprehensive incomes | ( 18,461) | ( 25,392) |
| Total comprehensive income | ($ 24,376) | ($ 22,409) |

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

| Name of Associate | December 31, 2023 | December 31, 2022 |
|---|---|---|
| CGPC | 1.98% | 1.98% |
| ACME | 2.34% | 2.43% |
| CGTD | 33.33% | 33.33% |

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

The Company with its affiliates jointly held more than 20% of the shareholdings of CGPC and Acme, and 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 available published price quotations are summarized as follows:

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

The investments above were accounted for using the equity method.

The profits and other comprehensive income shares enjoyed by the associated enterprises and the Company 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.

## 13. 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 | $ 870,030 | $ 3,884,412 | $ 24,195 | $ 311,261 | $ 34,260 | $ 5,758,590 |
| Addition | - | - | - | - | - | 110,315 | 110,315 |
| Disposal and obsolescence | - | ( 768 ) | ( 31,002 ) | - | ( 6,670 ) | - | ( 38,440 ) |
| Internal transfers | - | 5,980 | 69,047 | - | 9,094 | ( 84,121 ) | - |
| Balance as of December 31, 2022 | $ 634,432 | $ 875,242 | $ 3,922,457 | $ 24,195 | $ 313,685 | $ 60,454 | $ 5,830,465 |
| Accumulated depreciation | | | | | | | |
| Balance at January 1, 2022 | $ - | $ 656,867 | $ 3,077,119 | $ 23,532 | $ 290,084 | $ - | $ 4,047,602 |
| Disposal and obsolescence | - | ( 768 ) | ( 24,414 ) | - | ( 6,670 ) | - | ( 31,852 ) |
| Depreciation expenses | - | 19,996 | 140,304 | 447 | 5,916 | - | 166,663 |
| Balance as of December 31, 2022 | $ - | $ 676,095 | $ 3,193,009 | $ 23,979 | $ 289,330 | $ - | $ 4,182,413 |
| Carrying amounts as of December 31, 2022 | $ 634,432 | $ 199,147 | $ 729,448 | $ 216 | $ 24,355 | $ 60,454 | $ 1,648,052 |
| Cost | | | | | | | |
| Balance at January 1, 2023 | $ 634,432 | $ 875,242 | $ 3,922,457 | $ 24,195 | $ 313,685 | $ 60,454 | $ 5,830,465 |
| Addition | - | - | - | - | - | 161,070 | 161,070 |
| Disposal and obsolescence | - | - | ( 6,718 ) | ( 2,013 ) | ( 11,331 ) | - | ( 20,062 ) |
| Internal transfers | - | 2,627 | 117,642 | - | 15,578 | ( 135,847 ) | - |
| Balance as of December 31, 2023 | $ 634,432 | $ 877,869 | $ 4,033,381 | $ 22,182 | $ 317,932 | $ 85,677 | $ 5,971,473 |
| Accumulated depreciation | | | | | | | |
| Balance at January 1, 2023 | $ - | $ 676,095 | $ 3,193,009 | $ 23,979 | $ 289,330 | $ - | $ 4,182,413 |
| Disposal and obsolescence | - | - | ( 6,718 ) | ( 2,013 ) | ( 11,331 ) | - | ( 20,062 ) |
| Depreciation expenses | - | 17,903 | 140,769 | 111 | 7,164 | - | 165,947 |
| Balance as of December 31, 2023 | $ - | $ 693,998 | $ 3,327,060 | $ 22,077 | $ 285,163 | $ - | $ 4,328,298 |
| Net balance as of December 31, 2023 | $ 634,432 | $ 183,871 | $ 706,321 | $ 105 | $ 32,769 | $ 85,677 | $ 1,643,175 |

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

| | |
|---|---|
| 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 |

## 14. LEASE AGREEMENTS

a. Right-of-use assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Carrying amounts | | |
| Land | $ 32,336 | $ 36,955 |

| | 2023 | 2022 |
|---|---|---|
| Depreciation charge for right-of-use assets | | |
| Land | $ 4,619 | $ 4,619 |

Except for the recognized depreciation expense, there were no significant additions, sublease and impairments of the Company's right-of-use assets for the years 2023, 2022.

b. Lease liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Lease Liabilities Carrying Amount | | |
| Current | $ 4,665 | $ 4,614 |
| Non-current | $ 29,094 | $ 33,760 |

The discount rate for lease liabilities was as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land | 1.10% | 1.10% |

The Company leases land in Linyuan to build factories from related party. When rental period ends, the Company has no bargain purchase price option for the land leased. Transactions with related parties are set out in Note 29.

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 15.

| | 2023 | 2022 |
|---|---|---|
| Expenses relating to short-term leases | $ 14,009 | $ 14,078 |
| Total cash outflow for leases | $ 19,022 | $ 19,091 |

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.

## 15. INVESTMENT PROPERTIES, NET

| | 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 our company's Qianzhen Plant is leased to China Interocean Transport, Inc., 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 (Notes 24 and 29).

## 16. 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 over their estimated useful lives as follows:

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

## 17. 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 line loans were 1.66-1.70% and 1.32% as of December 31, 2023 and December 31, 2022, respectively.

b. Long-term borrowings

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Unsecured borrowings | | |
| Credit loans | $ - | $ 300,000 |

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

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

In order to enhance our long-term operational capital, our company has signed long-term credit agreements with banks. As of December 31, 2023, the total amount of credit lines is NT$2,300,000. The credit agreements will expire gradually before August 2026, and the credit lines will be used cyclically within the contract 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. As of December 31, 2023, the Company did not violate these financial ratios and terms.

## 18. ACCOUNTS PAYABLE

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Accounts payable (including related parties) | | |
| Arising from operations (Note 29) | $ 690,478 | $ 588,550 |

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.

## 19. OTHER PAYABLES

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Payables for salaries or bonuses | $ 67,824 | $ 90,292 |
| Payables for freight fees | 54,724 | 71,781 |
| Payables for equipment | 29,822 | 24,856 |
| Payables for utilities | 29,281 | 25,517 |
| Payables for professional service expenses | 10,698 | 9,251 |
| Others | 44,754 | 38,389 |
| | $237,103 | $260,086 |

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

## 21. POST-RETIREMENT BENEFIT PLAN

a. Defined contribution plans

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

b. Defined benefit plans

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

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

(Continued on the next page)

(Continued from the previous page)

| | Present Value of Defined Benefit Obligation | Fair Value of Plan Assets | Net defined benefit liabilities |
|---|---|---|---|
| — 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 as of 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 Law, the Company is exposed to the following risks:

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

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

3) Salary risk: The present value of 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 is expected to allocate an amount of NT$20,000,000 and NT$25,800,000 for defined benefit plan within the next year as of December 31, 2023 and 2022, respectively. The weighted average duration of the Company's defined benefit obligations on 31 December 2023 and 2022 is 6.4 years.

## 22. 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 ,000 new shares for the capital increase on May 27, 2022. The above cash capital increase proposal was approved and declared by the

Securities and Futures Bureau, FSC on July 6, 2022, and was resolved by the board of directors, with August 5, 2022 as the ex-rights date.

b. Capital surplus

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

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

c. Retained earnings and dividends policy

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

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

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. 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 company held shareholder meetings on May 30, 2023 and May 27, 2022, respectively, and approved the profit distribution plans for the years 2022 and 2021 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 NT$279,270,000 and NT$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 NT$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 | ( 52,067) | 40,992 |
| Share in associates accounted for under the equity method | ( 819) | 1,198 |
| Related income tax | 10,413 | ( 8,199) |
| Ending Balance | ($153,014) | ($110,541) |

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

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

| | 2023 | 2022 |
|---|---|---|
| Beginning Balance | $ 319,105 | $ 493,835 |
| Incurred this year | | |
| Unrealized gains (losses) | | |
| Equity instruments | ( 35,509 ) | ( 142,789 ) |
| Share in subsidiaries and/or associates accounted for under the equity method | ( 17,499 ) | ( 31,941 ) |
| Related income tax | 1 | - |
| Ending Balance | $ 266,098 | $ 319,105 |

## 23. REVENUE

| | 2023 | 2022 |
|---|---|---|
| Revenue from contracts with customers | | |
| Revenue from sale of goods | $ 10,576,796 | $ 12,870,472 |

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

## 24. PROFIT (LOSS) BEFORE INCOME TAX

Net profit before income tax includes the following:

a. Interest income

| | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents | $ 5,822 | $ 2,407 |
| Financial Assets at Fair Value through Profit or Loss (Note 7) | 1,526 | 1,215 |
| Others | 254 | 178 |
| | $ 7,602 | $ 3,800 |

b. Other income

| | 2023 | 2022 |
|---|---|---|
| Rental income - operating lease (Notes 15, 29) | $ 26,781 | $ 34,666 |
| 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 | 9,103 | 5,719 |
| | $ 56,305 | $ 77,178 |

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 | 21,250 | 224,098 |
| Loss (gain) on disposal and retirement of property, factory and equipment (Note 13) | 960 | 3,333 |
| Expenses from rental assets | ( 5,076) | ( 5,840) |
| Others | ( 644) | ( 898) |
| | $ 17,605 | $202,146 |

d. Gain or loss on foreign currency exchange

| | 2023 | 2022 |
|---|---|---|
| Total foreign exchange gains | $117,266 | $314,610 |
| Total foreign exchange losses | ( 96,016) | ( 90,512) |
| Net profit | $ 21,250 | $224,098 |

e. Financial costs

| | 2023 | 2022 |
|---|---|---|
| Interest on bank loans | $ 19,571 | $ 6,486 |
| Interest on lease liabilities (Note 29) | 398 | 449 |
| Amount of capitalization of interest (included in property under construction) | ( 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 (Statement 17)

| | 2023 | 2022 |
|---|---|---|
| Property, plant, and equipment (Note 13) | $ 165,947 | $ 166,663 |
| Right-of-use assets (Note 14) | 4,619 | 4,619 |
| Intangible assets (Note 16) | 1,781 | 1,815 |
| Total | $ 172,347 | $ 173,097 |
| | | |
| Analysis of depreciation by function | | |
| Cost of goods sold | $ 167,802 | $ 167,288 |
| Operating expenses | 808 | 1,228 |
| Other gains and losses | 1,956 | 2,766 |
| | $ 170,566 | $ 171,282 |
| | | |
| 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 (Statement 17)

| | 2023 | 2022 |
|---|---|---|
| Post-employment benefits (Note 21) | | |
| Defined contribution plans | $ 13,622 | $ 13,286 |
| Defined benefit plans | 3,529 | 3,785 |
| | 17,151 | 17,071 |
| Insurance expenses | 33,214 | 35,389 |
| Other employee benefits | 402,121 | 434,644 |
| Total employee benefits expense | $ 452,486 | $ 487,104 |
| | | |
| Analysis of employee benefits expense by function | | |
| Cost of goods sold | $ 372,099 | $ 408,896 |
| Operating expenses | 80,387 | 78,208 |
| | $ 452,486 | $ 487,104 |

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

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

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

## 25. 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 | $ - | $ 105,184 |
| Income tax on unappropriated earnings | - | 35,512 |
| Adjustments from previous years | ( 1,762 ) | ( 3,379 ) |
| | ( 1,762 ) | 137,317 |
| Deferred tax | | |
| In respect of the current year | ( 63,711 ) | ( 2,531 ) |
| Adjustments from previous years | - | 7 |
| | ( 63,711 ) | ( 2,524 ) |
| Income tax expense (benefit) recognized in profit or loss | ( $ 65,473 ) | $ 134,793 |

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

| | 2023 | 2022 |
|---|---|---|
| Profit (loss) before income tax | ($ 339,010) | $ 546,871 |
| Income tax expenses calculated at the statutory rate | ($ 67,802) | $ 109,374 |
| Fees that cannot be deducted from taxes | 111 | 27 |
| 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 |
| Adjustments for prior years | ( 1,762) | ( 3,372) |
| Income tax expense (benefit) recognized in profit or loss | ($ 65,473) | $ 134,793 |

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 | $ 767 | $ - |
| Current income tax liabilities | | |
| Income tax payable | $ 904 | $142,379 |

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 | Ending Balance |
|---|---|---|---|---|
| Temporary differences | | | | |
| Provision for inventory impairment loss | $ 6,391 | ($ 366) | $ - | $ 6,025 |
| Unrealized bad debt | 8,357 | ( 8,357) | - | - |
| Loss on supplies | 665 | ( 59) | - | 606 |
| Defined retirement benefit plans | 25,196 | ( 3,506) | ( 1,909) | 19,781 |
| Payables for annual leave | 3,419 | 33 | - | 3,452 |
| Unrealized foreign exchange losses | 3,651 | 1,695 | - | 5,346 |
| Unrealized net gain on sale of goods | 1,412 | ( 1,412) | - | - |
| Others | 1,817 | ( 471) | 1 | 1,347 |
| | 50,908 | ( 12,443) | ($ 1,908) | 36,557 |
| Loss offsetting | - | 65,883 | - | 65,883 |
| | $ 50,908 | $ 53,440 | ($ 1,908) | $ 102,440 |

| Deferred income tax liabilities | Beginning Balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending Balance |
|---|---|---|---|---|
| Temporary differences | | | | |
| Exchange differences on translating the financial statements of foreign operations | $ 12,695 | $ - | ($ 10,413) | $ 2,282 |
| Share of profit in foreign subsidiaries recognized 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

| Deferred income tax assets | Beginning Balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending Balance |
|---|---|---|---|---|
| Temporary differences | | | | |
| Provision for inventory impairment loss | $ 981 | $ 5,410 | $ - | $ 6,391 |
| Unrealized bad debt | 6,973 | 1,384 | - | 8,357 |
| Loss on supplies | 851 | ( 186) | - | 665 |
| Defined retirement benefit plans | 36,937 | ( 5,513) | ( 6,228) | 25,196 |

(Continued on the next page)

(Continued from the previous page)

| | Beginning Balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending Balance |
|---|---|---|---|---|
| Payables for annual leave | 3,906 | ( 487 ) | - | 3,419 |
| Unrealized foreign exchange losses | 6,742 | ( 3,091 ) | - | 3,651 |
| Unrealized net gain on sale of goods | 5,628 | ( 4,216 ) | - | 1,412 |
| Others | 705 | 1,112 | - | 1,817 |
| | $ 62,723 | ( $ 5,587 ) | ( $ 6,228 ) | $ 50,908 |
| Deferred income tax liabilities | | | | |
| Temporary differences | | | | |
| Exchange differences on translating the financial statements of foreign operations | $ 4,496 | $ - | $ 8,199 | $ 12,695 |
| Share of profit in foreign subsidiaries recognized using the equity method | 59,729 | ( 7,417 ) | - | 52,312 |
| Differences on depreciation between finance and tax | 283 | ( 50 ) | - | 233 |
| Reserve for land revaluation increment tax | 143,860 | - | - | 143,860 |
| Others | 644 | ( 644 ) | - | - |
| | $ 209,012 | ( $ 8,111 ) | $ 8,199 | $ 209,100 |

e. Income tax assessments

The Company's income tax returns through 110 have been assessed by the tax authorities.

## 26. EARNINGS (LOSS) PER SHARE

Unit: NT$ Per Share

| | 2023 | 2022 |
|---|---|---|
| Basic earnings (losses) per share | ( $ 0.69 ) | $ 1.04 |
| Diluted earnings (losses) 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 offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. 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.

## 27. CAPITAL RISK MANAGEMENT

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

## 28. 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 |
| 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 |
| 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 |
| 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 |
| Total | $ 333,929 | $ - | $ 7 | $ 333,936 |

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 | $ 7 | $ 7 |
| Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI) | ( 1 ) | - |
| Ending Balance | $ 6 | $ 7 |

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

| Financial Instrument Categories | 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. For unlisted domestic equity investments, 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. The unobservable input used was a discount for the lack of marketability of 15% on December 31, 2023 and 2022.

c. Categories of financial instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Comprehensive Income | | |
| 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) | 1,774,345 | 1,933,842 |
| Financial Assets - Equity Instruments Investments Measured at Fair Value Through Other Comprehensive Income | 298,427 | 333,936 |
| Financial liabilities | | |
| Measured at amortized cost (Note 2) | 1,687,643 | 1,211,853 |

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) Foreign currency 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 did not enter into or trade foreign exchange forward contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 32.

<u>Sensitivity analysis</u>

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 entity appreciates/depreciates against the US dollar by 3%, the company's pre-tax net loss for the fiscal year 2023 will increase/decrease by NT$30,932,000; the pre-tax net profit for the fiscal year 2022 will decrease/increase by NT$36,340,000.

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 | $ 358,554 | $ 457,618 |
| — Financial liabilities | 758,759 | 338,374 |
| Cash flow interest rate risk | | |
| — Financial assets | 96,346 | 45,014 |
| — 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. A 50-point fluctuation in interest rate was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Assuming all other variables remain constant, a 0.5% increase/decrease in market interest rates will result in an increase/decrease of NT$18,000 in the company's pre-tax net loss for the fiscal year 2023, and a decrease/increase of NT$525,000 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 equity securities at the balance sheet date. However, in the financial assets measured at fair value through profit or loss of the Company's investment, the price fluctuation risk of monetary market funds is very low, so it is not included in the analysis.

If the equity price rises/falls by 5%, the pre-tax net loss for the fiscal year 2023 and 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 fiscal years 2023 and 2022, pre-tax other comprehensive income will increase/decrease by NT$14,921,000 and NT$16,697,000, respectively, due to the fair value increase/decrease of financial assets measured at fair value through other comprehensive income.

2) Credit risk

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

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets.

b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The financial guarantees provided by the Company are endorsements for loans taken by its subsidiaries. As of December 31, 2023 and December 31, 2022, the Company has provided endorsement guarantees in the amounts of NT$308,875,000 and NT$537,012,000, respectively. However, according to the expectations on the balance sheet date, it is unlikely that the Company will pay the endorsement guarantees when the endorsee breaches the contract.

The accounts receivable balances of our specific customers as of December 31, 2023 and December 31, 2022 accounted for 14% and 20% of the total accounts receivable and notes receivable, respectively. The remaining accounts receivable are spread across numerous customers and are dispersed in different regions, without concentration 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 at the end of the reporting period, the Company's largest exposure of credit risk approximates to the carrying amount of financial assets.

3) Liquidity risk

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

a) Liquidity and interest rate risk table 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 | | $ 862,643 | $ - | $ - |
| 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 | - | - |
| | | $ 1,694,383 | $ 20,052 | $ 10,026 |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years |
|---|---|---|---|
| Lease liabilities | $ 5,013 | $ 20,052 | $ 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 | | $ 761,853 | $ - | $ - |
| 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 | - |
| | | $ 922,461 | $ 320,574 | $ 15,039 |

Additional information about the maturity analysis for lease liabilities:

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

b) Financing facilities

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Bank loan facilities | | |
| — Amount unused | $ 4,577,743 | $ 5,257,100 |

## 29. RELATED PARTY TRANSACTIONS

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

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 |
| TAITA (BVI) Holding Co., Ltd.( TAITA( BVI ) ) | Subsidiary |
| Taita Chemical (Zhongshan) Co., Ltd. ("TTC (ZS)") | Subsidiary |
| Taita Chemical (Tianjin) Co., Ltd. ("TTC (TJ)") | Subsidiary |
| China General Plastics Corporation | Associate |
| CGPC Polymer Corporation | Associate |
| Taiwan VCM Corporation ("TVCM") | Associate |
| Global Green Technology Corporation | Associate |
| China General Terminal & Distribution Corporation ("CGTD") | Associate |
| Asia Polymer Corporation ("Asia Polymer Corporation") | Fellow subsidiary |
| USI Trading (Shanghai) Co., Ltd | Fellow subsidiary |
| Swanson Plastics Corporation | Fellow subsidiary |
| USI Management Consulting Corp. ("UM") | Fellow subsidiary |
| USI Education Foundation ("USIF") | Substantial related party |

b. Sales of goods

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Ultimate parent company | $ 12,931 | $ 14,065 |
| Subsidiary | 5,152 | 3,035 |
| | $ 18,083 | $ 17,100 |

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

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

| Related Party Category/Name | December 31, 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. Endorsements/guarantees

| Related Party Category/Name | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Subsidiary | | |
| TTC (ZS) | $ 216,760 | $ 352,752 |
| TAITA（BVI） | 92,115 | 184,260 |
| | $ 308,875 | $ 537,012 |

g. Other transactions with related parties

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

| Related Party Category/Name | 2023 | 2022 |
|---|---|---|
| Associate | | |
| CGTD | $ 18,591 | $ 23,672 |
| TVCM | 7,295 | 9,635 |
| | 25,886 | 33,307 |
| Ultimate parent company | - | 487 |
| | $ 25,886 | $ 33,794 |

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 Corporation | 1,805 | 2,392 |
| Associate | 266 | 273 |
| | $ 7,132 | $ 7,910 |

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

3) Lease 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 | | |
| CGTD | $ 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 | $ 1,621 |
| Associate | 1,692 | 1,753 |
| | $ 3,553 | $ 3,374 |

9) Acquisition of property, plant and equipment

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

10) Disposal of Property, factory, and Equipment (2023: None)

| | Disposals proceeds | Gain (Loss) on Disposal |
|---|---|---|
| Related Party Category/Name | 2022 | 2022 |
| Ultimate parent company | | |
| USI | $ 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 |
|---|---|---|
| Subsidiary | | |
| TTC (TJ) | $ 280,281 | $ 281,862 |
| Others | - | 1,332 |
| | 280,281 | 283,194 |
| Associate | 3,141 | 1,258 |
| Ultimate parent company | 1,585 | 1,086 |
| Fellow subsidiary | 35 | 42 |
| | $ 285,042 | $ 285,580 |

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.

h. Remuneration of key management personnel

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

| | 2023 | 2022 |
|---|---|---|
| Salaries and others | $ 21,073 | $ 23,751 |
| Retirement benefits | 207 | 214 |
| | $ 21,280 | $ 23,965 |

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

## 30. ASSETS PLEDGED AS COLLATERAL

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

| | December 31, 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 |
| | $ 19,940 | $ 21,734 |

## 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

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

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

b. Explanation for the gas explosion in Kaohsiung:

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

On February 12, 2015, China Interocean Transport, Inc. 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 China General Terminal & Distribution 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 NT$12,000,000, and the total compensation was NT$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, China Interocean Transport, Inc., and Taiwan Petroleum Corporation for the Kaohsiung gas explosion incident. In order to reduce litigation costs, China Interocean Transport, Inc. 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.

## 32. 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 | | Carrying Amount |
|---|---|---|---|---|
| Foreign currency assets | | | | |
| Monetary items | | | | |
| USD | $ 51,835 | 30.7050 | (USD: NT$) | $ 1,591,587 |
| Australian dollar | 666 | 20.9800 | (AUD:NT$) | 13,964 |
| Chinese yuan | 583 | 4.3352 | (CNY:NT$) | 2,529 |
| HKD | 585 | 3.9290 | (HKD:NT$) | 2,299 |

(Continued on the next page)

(Continued from the previous page)

| | Foreign Currency | Exchange Rate | | Carrying Amount |
|---|---|---|---|---|
| Non-monetary items | | | | |
| Subsidiaries accounted for under the equity method | | | | |
| USD | 98,921 | 30.7050 | (USD: NT$) | 3,037,367 |
| | | | | |
| Foreign currency liabilities | | | | |
| Monetary items | | | | |
| USD | 18,255 | 30.7050 | (USD: NT$) | 560,531 |

December 31, 2022

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

The Company's net gains from foreign currency exchange (realized and unrealized) in the fiscal years 2023 and 2022 were NT$21,250,000 and NT$224,098,000, 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.

## 33. 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)

b. Information about investees. (Table 4)

c. Information on investments in mainland China:

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)

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

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

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (None)

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

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

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

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

d. Information on major shareholders (names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held). (Table 6)

TABLE 1

# TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

## ENDORSEMENTS/GUARANTEES PROVIDED FOR OTHERS
## FOR THE YEAR ENDED 2023
## (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Endorser/Guarantor | Endorsee/Guarantee | | Limits on Endorsement/Guarantee on Behalf of Each Party (Note 2) | Maximum Amount Endorsed/Guaranteed During the Period (Note 1) | Outstanding Endorsement/Guarantee at the End of the Period (Note 1) | Actual Borrowing Amount | Amount Endorsed/Guaranteed by Collateral | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/Guarantee Limit (Note 2) | Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries | Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent | Endorsement /Guarantee Given on Behalf of Companies in Mainland China |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Name of Associate | 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.

**TABLE 2**

# TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

**SECURITIES HELD AT END OF PERIOD**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | 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 $1,000 ) | 2.22% | - ( US $1,000 ) | 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 price on the last trading day of December in the 2023 year of the Taiwan Stock Exchange.

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, 2023, the Company evaluates the fair value of the equity instrument as $0.

**TABLE 3**

## TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

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

| Company Name | Counterparty | Relationship | Balance of Receivables from Related Parties | Turnover Rate | Overdue | | Amounts Received in Subsequent Period (Note 2) | Provision for Bad Debt Amount |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Actions Taken | | |
| Taita Chemical Co., Ltd. | Taita Chemical (Tianjin) Co., Ltd. | Subsidiary | Other receivables $280,281<br>( US $9,128,000 )<br>(Note 1) | - | $ 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 being over due for a normal crediting period.

Note 2: As of March 7, 2024, no payments have been received.

**TABLE 4**

# TAITA CHEMICAL CO., LTD. AND ITS SUBSIDIARIES

**INFORMATION ON INVESTEES**
**FOR THE YEAR ENDED 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investor Company | Investee Company Name | 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 | % | Carrying Amount | | | |
| Taita Chemical Co., Ltd. | TAITA (BVI) Holding Co., Ltd. | British Virgin Islands | Reinvestment | $ 2,755,405<br>( US $ 89,738,000 ) | $ 2,755,405<br>( US $ 89,738,000 ) | 89,738,000 | 100.00% | $ 3,037,367<br>( US $98,921,000 ) | ( $ 55,081 )<br>( Loss USD 1,756,000 ) | ( $ 55,081 )<br>( Loss USD 1,756,000 ) | Subsidiary |
| | China General Plastics Corporation | Taipei, Taiwan | Manufacture and marketing of PVC plastic cloth and three-time processed products | 65,365 | 65,365 | 11,516,174 | 1.98% | 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<br>( US $1,700,000 ) | 52,200<br>( US $1,700,000 ) | 2,695,619 | 4.42% | 61,348<br>( US $1,998,000 ) | ( 94,932 )<br>( 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: 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 2023
## (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investee Company in mainland China | Main Businesses and Products | Paid-in Capital | Method and Medium of Investment | 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) | Carrying Amount at End of Period (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<br>( US $46,250,000 )<br>(Note 1) | Investments through a holding company registered in a third region | $ 1,320,315<br>( US $43,000,000 ) | $ - | $ - | $ 1,320,315<br>( US $43,000,000 ) | ( $ 46,739 )<br>( Loss US $1,495,000 ) | 100% | ( $ 46,739 )<br>( Loss US $1,495,000 ) | $ 1,750,099<br>( US $56,997,000 ) | $ - |
| Taita Chemical (Tianjin) Co., Ltd. (“TTC (TJ)”) (Note 7) | Production and marketing of polystyrene derivatives | 839,782<br>( US $27,350,000 )<br>(Note 2) | Investments through a holding company registered in a third region | 798,330<br>( US $26,000,000 ) | - | - | 798,330<br>( US $26,000,000 ) | ( 18,581 )<br>( Loss of US $ 602,000 ) | 100% | ( 18,581 )<br>( Loss of US $ 602,000 ) | ( 168,501 )<br>( US $5,488,000 ) | - |
| Zhangzhou Taita Chemical Co., Ltd. (“TTC (ZZ)”) | Production and marketing of polystyrene derivatives | 1,491,636<br>( US $48,580,000 )<br>(Note 3) | Investments through a holding company registered in a third region | - | - | - | - | 17,358<br>( Gain US $570,000 ) | 100% | 17,358<br>( Gain US $570,000 ) | 1,359,597<br>( US $44,279,000 ) | - |
| Acme Electronics (Kunshan) Co., Ltd. (“Acme (KS)”) | Manufacturing and marketing of manganese-zinc soft ferrite core | 943,411<br>( US $30,725,000 ) | Investments through Acme Electronics (Cayman) Corp. registered in a third region | 41,575<br>( US $1,354,000 ) | - | - | 41,575<br>( US $1,354,000 ) | ( 104,690 )<br>( Loss of US $3,362,000 ) | 4.42% | ( 4,922 )<br>( Loss of US $158,000 ) | 29,952<br>( 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<br>(US$70,354,000) | $3,863,221<br>(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 ,000 from TTC (ZS), US$1,350,000 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 calculation of the investees was based on their audited financial statements for the same period.

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

**TABLE 6**

# TAITA CHEMICAL CO., LTD.

**INFORMATION ON SUBSTANTIAL SHAREHOLDERS**
**DECEMBER 31, 2023**

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

Note: The shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation based on the last business day of the quarter, including both common and preferred shares that have been physically delivered or held in treasury, and where the total exceeds 5%. 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.

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**Statement 1**

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF CASH AND CASH EQUIVALENTS**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Item | Summary | Amount |
|---|---|---|
| Petty Cash | | $ 331 |
| | | |
| Bank Deposits | | |
| Check Deposits | | 11,605 |
| Demand deposits - NT$ | | 46,432 |
| Demand deposits - USD | USD1,437,885.45 (Note) | 44,150 |
| Demand deposits - HKD | HKD78,821.82 (Note) | 310 |
| Demand deposits - CNY | CNY393,251.00 (Note) | 1,705 |
| Demand deposits - JPY | JPY77,746.00 (Note) | 17 |
| Demand deposits - EUR | EUR3,571.38 (Note) | 121 |
| Demand deposits - AUD | AUD29,040.69 (Note) | 609 |
| Demand deposits - GBP | GBP56.54 (note) | 2 |
| | | 104,951 |
| | | |
| Cash equivalents | | |
| Fixed term deposits - USD | USD10,800,000 (Note), interest rate 5.27% - 5.38%, due in January 2024 | 331,614 |
| | | |
| | | $ 436,896 |

Note: The exchange rate is calculated at USD1= NT$30.7050.

The Hong Kong dollar is converted at an exchange rate of HKD1=NT$ 3.9290.

The Chinese yuan is converted at an exchange rate of CNY1=NT$ 4.3352.

The Japanese yen is converted at an exchange rate of JPY1=NT$ 0.2172.

The euro is converted at an exchange rateof EUR1=NT$ 33.9800.

The British pound is converted at an exchange rate of GBP1=NT$ 39.1500.

The Australian Dollar is converted at an exchange rate of AUD1=NT$ 20.9800.

# TAITA CHEMICAL CO., LTD.

**STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| | Shares (In Thousands) | Acquisition cost | Unit price (NT$) | Total | Note |
|---|---|---|---|---|---|
| Financial Assets at Fair Value through Profit or Loss - Non-derivative Financial Instruments | | | | | |
| Domestic listed shares | | | | | |
| UPC Technology Corporation | 282 | $ 6,665 | 15.20 | $ 4,286 | |
| China Steel Corporation | 350 | 13,567 | 27.00 | 9,450 | |
| Taiwan Cement Corporation | 2,000 | 67,910 | 34.85 | 69,700 | |
| Hon Hai Precision Industry Co., Ltd. | 100 | 9,988 | 104.50 | 10,450 | |
| | | 98,130 | | 93,886 | |
| Beneficiary securities | | | | | |
| Cathay No. 1 Real Estate Investment Trust Fund | 3,963 | 45,486 | 16.98 | 67,292 | |
| | | 143,616 | | $ 161,178 | |
| Adjustments on valuation | | 17,562 | | | |
| | | $ 161,178 | | | |

**Statement 3**

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF ACCOUNT AND NOTES RECEIVABLE**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Name of Customer | Summary | Amount |
|---|---|---|
| Notes receivable | | |
| Non-related party | | |
| ASLI Mechanical Co., Ltd. | Loans | $ 2,986 |
| NIJES Enterprise Co., Ltd. | Loans | 1,979 |
| Yong Sheng Feng Industrial Co., Ltd. | Loans | 1,875 |
| Others (Note) | Loans | 19,571 |
| | | 26,411 |
| Accounts receivable | | |
| Non-related party | | |
| SNETOR OVERSEAS | Loans | 145,937 |
| Others (Note) | Loans | 838,252 |
| Allowance for impairment loss | Loans | ( 764 ) |
| | | 983,425 |
| Related parties | | |
| USI Corporation | Loans | 4,200 |
| | | $ 1,014,036 |

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

**Statement 4**

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF INVENTORIES**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount | |
|---|---|---|
| | Cost | Market price (Note 2) |
| Finished goods | $ 437,040 | $ 422,555 |
| Work in process | 160,034 | 155,770 |
| Raw materials | 312,231 | 307,983 |
| Production supplies | 20,067 | 20,091 |
| | 929,372 | $ 906,399 |
| Allowance for inventory valuation (Notes 1 and 2) | ( 30,126 ) | |
| Net amount | $ 899,246 | |

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

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

Note 3: The insured amount of inventories was NT$1,242,458,000.

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF PREPAYMENTS AND OTHER CURRENT ASSETS**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Supplies | $ 59,703 |
| Deferred Tax Amount | 12,840 |
| Prepayments for insurance | 7,660 |
| Prepayments for goods | 5,222 |
| Others (Note) | 2,505 |
| | $ 87,930 |

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

**TAITA CHEMICAL CO., LTD.**

**STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOMES - NON-CURRENT**
**FOR THE YEAR ENDED 2023**
**(In Thousands of New Taiwan Dollars)**

| | Beginning Balance | | Increase this year | | Decrease this year | | Ending Balance | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Name of the Financial Product | Shares (In Thousands) | Fair Value | Shares (In Thousands) | Amount | Shares (In Thousands) | Amount (Note) | Shares (In Thousands) | Fair Value | Guarantee or Pledge | Note |
| USI Corporation | 15,110 | $ 333,929 | - | $ - | - | $ 35,508 | 15,110 | $ 298,421 | None | — |
| Harbinger Venture Capital Corp. | 1 | 7 | - | - | - | 1 | 1 | 6 | None | — |
| Total | | $ 333,936 | | $ - | | $ 35,509 | | $ 298,427 | | |

Note: The reduction in the amount, NT$35,509,000, during the year was due to changes in adjusting the fair value.

**Statement 7**

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD**
**FOR THE YEAR ENDED 2023**
**(Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| | Beginning Balance | | Increase this year | | Decrease this year | | Ending Balance | | | Market Value/Net Equity Value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Investee Company | Shares (In Thousands) | Amount | Shares (In Thousands) | Amount | Shares (In Thousands) | Amount | Shares (In Thousands) | Shareholding (%) | Amount | Unit Price | Total Amount | Guarantee or Pledge | Note |
| TAITA (BVI) Holding Co., Ltd. | 89,738 | $3,270,407 | - | $ 169 | - | $ 55,088 | 89,738 | 100.00 | $3,215,488 | 33.85 | $3,037,367 | None | Note 1, 2 |
| China General Plastics Corporation | 11,516 | 187,605 | - | 6,845 | - | 4,130 | 11,516 | 1.98 | 190,320 | 22.30 | 256,811 | None | Note 1, 3, 7 |
| China General Terminal & Distribution Corporation | 23,893 | 355,611 | 1,160 | 42 | - | 25,681 | 25,053 | 33.33 | 329,972 | 13.17 | 329,972 | None | Note 1, 4 |
| Acme Electronics Corporation | 4,445 | 37,104 | 547 | 12,796 | - | 4,020 | 4,992 | 2.34 | 45,880 | 25.10 | 125,288 | None | Note 1, 5, 8 |
| Subtotal | | 3,850,727 | | 19,852 | | 88,919 | | | 3,781,660 | | $3,749,438 | | |
| Adjustments from allowance | | ( 130,066 ) | | - | | 52,886 | | | ( 182,952 ) | | | | Note 1, 6 |
| Net amount | | $3,720,661 | | $ 19,852 | | $ 141,805 | | | $3,598,708 | | | | |

Note 1: The calculation of the investment income and net equity of the investees was based on their audited financial statements for the year ended December 31, 2023.

Note 2: During the current year, an increase of NT$169,000 was recognized in the capital surplus of the invested companies based on the proportion of shareholding. Additionally, a decrease of NT$55,081,000 was recognized as investment losses, and a financial asset valuation adjustment of NT$7,000 was made for the invested companies through other comprehensive income at fair value.

Note 3: This year, an increase of NT$68,000 was recognized in the capital surplus of investee companies based on the equity method, along with the recognition of investment income of NT$6,777,000. There was a decrease of NT$185,000 due to the remeasurement of defined benefit plans of investee companies during the year, as well as the receipt of cash dividends of NT$0.3 per share, totaling NT$3,455,000. Additionally, there was an adjustment of NT$490,000 in the fair value of financial assets measured through other comprehensive income by investee companies.

Note 4: This year, an increase of 1,160 thousand shares was due to the issuance of stock dividends. There was also an increase of NT$42,000 due to the remeasurement of defined benefit plans of investee companies during the year. On the other hand, there was a decrease this year due to the recognition of investment losses amounting to NT$8,679,000, along with the recognition of an adjustment of NT$17,002,000 in the fair value of financial assets measured through other comprehensive income by investee companies.

Note 5: This year, the increase in shares was due to obtaining 547 thousand shares through cash capital increase. Additionally, there was an increase this year due to cash capital increase payments of NT$10,931,000, as well as an adjustment of NT$1,865,000 in capital surplus not in proportion to shareholding. On the other hand, there was a decrease this year due to the recognition of investment losses amounting to NT$4,013,000, along with a remeasurement of defined benefit plans of investee companies resulting in a change of NT$7,000.

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

Note 7: The market value is calculated based on the closing prices at TWSE on the last trading day of December 2023.

Note 8: The market value is calculated based on the closing prices at TPEx on the last trading day of December 2023.

**TAITA CHEMICAL CO., LTD.**

**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS**
**FOR THE YEAR ENDED 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Beginning Balance | Increase this year | Decrease this year | Ending Balance | Note |
|---|---|---|---|---|---|
| Cost | | | | | |
| Land | $ 55,433 | $ - | $ - | $ 55,433 | |
| Accumulated depreciation | | | | | |
| Land | 18,478 | $ 4,619 | $ - | 23,097 | |
| | $ 36,955 | | | $ 32,336 | |

Statement 9

**TAITA CHEMICAL CO., LTD.**

**STATEMENT OF SHORT-TERM BORROWINGS**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Type of Loans | Interest Rate (%) | Ending Balance | Contract Period | Financing facilities | Pledge or Guarantee |
|---|---|---|---|---|---|
| Unsecured borrowings | | | | | |
| Taipei Fubon Bank | 1.66%-1.70% | $ 425,000 | 2023.11.03-2024.03.27 | $ 600,000 | None |
| Yuanta Commercial Bank | 1.66%-1.67% | 300,000 | 2023.10.30-2024.03.27 | 300,000 | None |
| HSBC (Taiwan) Commercial Bank | 1.69% | 100,000 | 2023.11.29-2024.01.05 | 184,230 | None |
| | | $ 825,000 | | $ 1,084,230 | |

**Statement 10**

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF ACCOUNTS PAYABLE**
**DECEMBER 31, 2023**
**(In Thousands of New Taiwan Dollars)**

| Name of Supplier | Amount |
|---|---|
| Non-related party | |
| Formosa Chemicals and Fibre Corporation | $ 413,676 |
| Taiwan Styrene Monomer Corporation | 127,363 |
| China Petrochemical Development Corporation | 38,234 |
| Others (Note) | 111,156 |
| | 690,429 |
| Related parties | |
| Swanson Plastics Corporation | 49 |
| | $ 690,478 |

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

Statement 11

**TAITA CHEMICAL CO., LTD.**

**STATEMENT OF PROCEEDS OF SALE**
**FOR THE YEAR ENDED 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Quantity (Ton) | Amount |
|---|---|---|
| ABS | 92,562 | $ 3,864,781 |
| GPS | 97,143 | 3,754,518 |
| EPS | 57,675 | 2,425,258 |
| Glass wool products | 11,936 | 526,199 |
| IPS | 140 | 6,040 |
| | | $ 10,576,796 |

**Statement 12**

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF COST OF GOODS SOLD**
**FOR THE YEAR ENDED 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Raw materials | |
| Raw materials at the beginning | $ 225,273 |
| Purchase of materials | 8,888,294 |
| Sale of materials | ( 12,461 ) |
| Transfer expenses | ( 17,696 ) |
| Raw materials at the end | ( 312,231 ) |
| | 8,771,179 |
| Director labor | 153,735 |
| Manufacturing expense (Statement 13) | 1,140,535 |
| Manufacturing costs | 10,065,449 |
| Work in process at the beginning | 140,057 |
| Work in process at the end | ( 160,034 ) |
| Cost of finished goods | 10,045,472 |
| Finished goods at the beginning | 375,076 |
| Cost of finished goods from purchases | 127,638 |
| Adjustment of other costs | ( 396 ) |
| Finished products at the end of the year | ( 437,040 ) |
| | 10,110,750 |
| Sale of raw materials | 12,546 |
| Adjustment from inventories valuation | ( 1,830 ) |
| | $ 10,121,466 |

**Statement 13**

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF MANUFACTURING EXPENSES**
**FOR THE YEAR ENDED 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Fuel expenses | $ 376,349 |
| Indirect material | 217,890 |
| Salary and incentives | 179,167 |
| Depreciation expenses | 167,802 |
| Others (Note) | 199,327 |
| | $ 1,140,535 |

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

**Statement 14**

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF SELLING AND MARKETING EXPENSES**
**FOR THE YEAR ENDED 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Freight and export expenses | $ 547,987 |
| Commission expense | 43,106 |
| Others (Note) | 52,098 |
| | $ 643,191 |

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

**Statement 15**

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES**
**FOR THE YEAR ENDED 2023**
**(In Thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Professional service expenses | $ 77,990 |
| Salary and incentives | 37,502 |
| Others (Note) | 20,709 |
| | $ 136,201 |

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

**Statement 16**

## TAITA CHEMICAL CO., LTD.

**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES**
**FOR THE YEAR ENDED 2023**
**(In Thousands of New Taiwan Dollars)**

| Name | Amount |
|---|---|
| Salary and incentives | $ 11,335 |
| R&D and testing expenses | 1,394 |
| Insurance expenses | 1,164 |
| Others (Note) | 1,939 |
| | $ 15,832 |

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

Statement 17

**TAITA CHEMICAL CO., LTD.**

**STATEMENT OF EMPLOYEE BENEFITS AND DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars)**

| | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Cost of goods sold | Operating expenses | Other gains and losses | Total | Cost of goods sold | Operating expenses | Other gains and losses | Total |
| Employee benefits expense | | | | | | | | |
| Salaries | $ 309,734 | $ 63,972 | $ - | $ 373,706 | $ 342,556 | $ 59,760 | $ - | $ 402,316 |
| Labor and health insurance | 29,219 | 3,995 | - | 33,214 | 30,479 | 4,910 | - | 35,389 |
| Pensions | 14,880 | 2,271 | - | 17,151 | 14,484 | 2,587 | - | 17,071 |
| Remuneration paid to directors | - | 8,000 | - | 8,000 | - | 8,200 | - | 8,200 |
| Other employee benefits | 18,266 | 2,149 | - | 20,415 | 21,377 | 2,751 | - | 24,128 |
| | $ 372,099 | $ 80,387 | $ - | $ 452,486 | $ 408,896 | $ 78,208 | $ - | $ 487,104 |
| Depreciation expenses | $ 167,802 | $ 808 | $ 1,956 | $ 170,566 | $ 167,288 | $ 1,228 | $ 2,766 | $ 171,282 |
| Amortization expenses | $ 1,600 | $ 181 | $ - | $ 1,781 | $ 1,600 | $ 215 | $ - | $ 1,815 |

Note:

1. The number of employees in 2023 and 2022 fiscal years were 368 and 378, respectively. Among them, the number of non-executive directors who are not employees is 7, and their calculation basis is consistent with employee benefits expenses.
2. The average employee benefit expenses for the Company in fiscal years 2023 and 2022 were NT$1,231,000 and NT$1,291,000, respectively (calculated as “Total Employee Benefit Expenses - Total Director Remuneration” divided by “Number of Employees - Number of Directors not concurrently serving as employees”). The average salary expenses for the Company in fiscal years 2023 and 2022 were NT$1,035,000 and NT$1,084,000 respectively (calculated as “Total Salary Expenses” divided by “Number of Employees - Number of Directors not concurrently serving as employees”).
3. Change in average employee salary expense is 4.52% ((Average employee salary expense of the current year - Average employee salary expense of the previous year) / Average employee salary expense of the previous year).
4. The Company has established the Audit Committee. Therefore, there was no compensation to the supervisor for the years ended December 31, 2023 and 2022.
5. The Company’s remuneration policy:
   1) Directors and managerial officers:
      (1) The remuneration of directors and managerial officers shall be given with reference to the prevailing standards of the same industry and in consideration of the reasonableness of the correlation between the company’s business performance and future risks.
      (2) There shall be no incentive for the directors or managerial officers to pursue remuneration by engaging in activities that exceed the tolerable risk level of the Company.
      (3) The percentage of employee compensation for short-term performance and the timing of payment of some variable salary and compensation shall be determined by considering the characteristics of the industry and the nature of the Company’s business.
   2) Employees:
      The remuneration policy for employees is formulated with reference to government regulations, market conditions and dynamics of remuneration in the industry, changes in the overall economy and industry environment and the Company’s organizational structure. The payment standards are determined under the Company’s “Regulations on Salary Management”, “Regulations on Employee Performance Evaluation” and “Regulations for the Distribution of Bonus for Supervisors”. In addition, the Company has established the “Regulations on Year-end Bonus” to provide year-end bonuses (including employee compensation) depending on the company’s profitability and employee performance.