

Taita Chemical Co., Ltd.
and Subsidiaries

Consolidated Financial Statements and
Independent Auditors' Review Report
For the Third Quarter of 2024 and 2023

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Independent Auditors' Review Report

To Taita Chemical Co., Ltd.:

Foreword

The consolidated balance sheets of Taita Chemical Co., Ltd. and its subsidiaries as of September 30, 2024, and 2023, the consolidated statements of comprehensive income for the periods from July 1 to September 30, 2024, and 2023, and from January 1 to September 30, 2024, and 2023, the consolidated statements of changes in equity for the periods from January 1 to September 30, 2024, and 2023, the consolidated statements of cash flows for the periods from January 1 to September 30, 2024, and 2023, and the notes to the consolidated financial statements (including a summary of significant accounting policies) have been reviewed. It is the responsibility of the management to prepare and ensure fair presentation of consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the version of IAS 34 - "Interim Financial Reporting" approved and published by the Financial Supervisory Commission. Our responsibility as auditor is to form a conclusion based on our review.

Scope

Except for the issues discussed in the "Basis of reservation" paragraph, we, the auditors, have performed the review in accordance with Standards on Review Engagements No. 2410 - "Financial Statement Review". The procedures executed in our review of financial statements include inquiry (mainly with employees responsible for financial and accounting affairs), analysis and other review-related processes. The scope of financial statement review is significantly smaller than a financial statement audit, therefore we may not be able to detect all material issues through the steps we have taken, and are therefore unable to provide an audit opinion.

Basis of Reservation

As mentioned in Note 13 of the consolidated financial report, among the investee companies included in the consolidated financial report above, the financial reports for the same period of some long-term equity investments evaluated using the equity method were not reviewed by CPAs. The balances of long-term equity investments accounted for using the equity method as of

September 30, 2024, and 2023, were NT\$319,414 thousand and NT\$334,844 thousand, respectively, accounting for 3% and 4% of total consolidated assets. The related total comprehensive income for the periods from July 1 to September 30, 2024, and 2023, and from January 1 to September 30, 2024, and 2023, amounted to NT\$600 thousand, NT\$(6,070) thousand, NT\$(10,558) thousand, and NT\$(20,767) thousand, respectively, accounting for (1)%, (79)%, 5%, and 14% of the total consolidated comprehensive income. The information regarding the investee companies as disclosed in the notes to the consolidated financial statements is based on the unreviewed financial statements of these investee companies for the same periods.

Reservations

Based on our review, except for the possible adjustments to the consolidated financial statements that might arise if the financial reports of the long-term equity investments accounted for using the equity method had been reviewed by CPAs as described in the Basis of Reservation section, we did not find any evidence that the aforementioned consolidated financial statements are not in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the Financial Supervisory Commission. Therefore, the consolidated financial position of Taita Chemical Co., Ltd. and its subsidiaries as of September 30, 2024, and 2023, as well as their consolidated financial performance for the periods from July 1 to September 30, 2024, and 2023, and from January 1 to September 30, 2024, and 2023, and their consolidated cash flows, have been properly presented.

Deloitte & Touche

CPA: Cheng-Chun Chiu

CPA: Huang Hsiu-Chun

Financial Supervisory Commission
Approval No.

Financial Supervisory Commission
(FSC) Certificate No. 0930160267

Securities and Futures Commission
Approval No.

Securities and Futures Commission
Certificate No. 0920123784

November 6, 2024

Notice to Readers:

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

Taita Chemical Co., Ltd. and Subsidiaries

Consolidated Balance Sheets
September 30, 2024, and December 31, 2023, and September 30, 2023
(In Thousands of New Taiwan Dollars)

Code	Assets	September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 1,893,148	19	\$ 2,211,329	25	\$ 2,256,708	25
1110	Financial assets at fair value through profit or loss - current (Note 7)	172,687	2	161,178	2	127,494	1
1136	Financial assets at amortized cost - current (Notes 9 and 30)	274,002	3	13,000	-	3,000	-
1150	Notes receivable (Note 10)	229,776	2	208,635	2	249,996	3
1170	Accounts receivable (Note 10)	2,275,816	23	1,596,090	18	1,694,273	19
1180	Accounts receivable from related parties (Notes 10 and 29)	-	-	4,200	-	-	-
1200	Other receivables (Note 10)	152,434	2	105,403	1	127,039	1
1210	Other receivables from related parties (Notes 10 and 29)	158	-	4,932	-	4,694	-
1220	Current tax assets (Note 4)	2,303	-	1,571	-	1,379	-
130X	Inventories (Note 11)	1,264,450	13	1,101,680	13	952,153	11
1410	Prepayments and other current assets	234,097	2	107,305	1	183,780	2
11XX	Total current assets	<u>6,498,871</u>	<u>66</u>	<u>5,515,323</u>	<u>62</u>	<u>5,600,516</u>	<u>62</u>
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	244,031	3	298,427	3	313,537	4
1550	Investments accounted for using the equity method (Note 13)	622,606	6	622,689	7	633,230	7
1600	Property, plant and equipment (Notes 14, 17, 29 and 30)	1,918,694	19	1,937,325	22	1,940,613	22
1755	Right-of-use assets (Notes 15, 29 and 30)	259,183	3	257,252	3	268,011	3
1760	Investment properties, net (Note 16)	108,178	1	108,178	1	108,178	1
1780	Intangible assets	-	-	498	-	934	-
1840	Deferred tax assets (Note 4)	173,666	2	123,555	2	105,750	1
1990	Other non-current assets - other (Note 30)	28,264	-	28,106	-	27,979	-
15XX	Total non-current assets	<u>3,354,622</u>	<u>34</u>	<u>3,376,030</u>	<u>38</u>	<u>3,398,232</u>	<u>38</u>
1XXX	Total assets	<u>\$ 9,853,493</u>	<u>100</u>	<u>\$ 8,891,353</u>	<u>100</u>	<u>\$ 8,998,748</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Notes 14, 15, 17 and 30)	\$ 1,770,000	18	\$ 825,000	9	\$ 350,000	4
2170	Accounts payable (Note 18)	928,005	9	746,874	8	1,031,721	11
2180	Accounts payable to related parties (Notes 18 and 29)	53	-	49	-	458	-
2200	Other payables (Note 19)	361,266	4	276,188	3	314,997	4
2220	Other payables from related parties (Note 29)	9,028	-	4,439	-	5,209	-
2230	Current tax liabilities (Note 4)	1,587	-	904	-	904	-
2280	Lease liabilities - current (Notes 15 and 29)	4,704	-	4,665	-	4,652	-
2365	Refund liabilities - current (Note 20)	1,448	-	1,314	-	1,124	-
2399	Other current liabilities	90,808	1	61,230	1	56,027	1
21XX	Total current liabilities	<u>3,166,899</u>	<u>32</u>	<u>1,920,663</u>	<u>21</u>	<u>1,765,092</u>	<u>20</u>
	Non-current liabilities						
2570	Deferred tax liabilities (Note 4)	235,844	3	188,416	2	220,053	3
2580	Lease liabilities - non-current (Notes 15 and 29)	25,562	-	29,094	1	30,266	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	87,844	1	100,640	1	113,124	1
2670	Other non-current liabilities	4,115	-	4,549	-	4,527	-
25XX	Total non-current liabilities	<u>353,365</u>	<u>4</u>	<u>322,699</u>	<u>4</u>	<u>367,970</u>	<u>4</u>
2XXX	Total liabilities	<u>3,520,264</u>	<u>36</u>	<u>2,243,362</u>	<u>25</u>	<u>2,133,062</u>	<u>24</u>
	Equity attributable to owners of the Company (Notes 13 and 22)						
	Share capital						
3110	Ordinary shares	3,975,868	40	3,975,868	45	3,975,868	44
3200	Capital surplus	3,196	-	3,201	-	3,157	-
	Retained earnings						
3310	Legal reserve	502,038	5	502,038	6	502,038	6
3320	Special reserve	308,061	3	308,061	3	308,061	3
3350	Unappropriated earnings	1,386,532	14	1,745,739	20	1,851,608	21
3300	Total retained earnings	2,196,631	22	2,555,838	29	2,661,707	30
3400	Other equity	157,534	2	113,084	1	224,954	2
3XXX	Total equity	<u>6,333,229</u>	<u>64</u>	<u>6,647,991</u>	<u>75</u>	<u>6,865,686</u>	<u>76</u>
	Total liabilities and equity	<u>\$ 9,853,493</u>	<u>100</u>	<u>\$ 8,891,353</u>	<u>100</u>	<u>\$ 8,998,748</u>	<u>100</u>

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

(Please refer to the Audit Report by Deloitte & Touche on November 6, 2024)

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Taita Chemical Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023

(In Thousands of New Taiwan Dollars, Except for Loss Per Share)

Code		July 1 to September 30, 2024		July 1 to September 30, 2023		January 1 to September 30, 2024		January 1 to September 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Net revenue (Notes 20, 23 and 29)	\$ 5,185,907	100	\$ 3,980,713	100	\$ 13,919,661	100	\$ 11,143,463	100
5110	Cost of goods sold (Notes 11, 21, 24 and 29)	4,844,174	93	3,897,343	98	13,339,095	96	10,837,203	97
5900	Gross profit	341,733	7	83,370	2	580,566	4	306,260	3
	Operating expenses (Notes 10, 21, 24 and 29)								
6100	Selling and marketing expenses	361,641	7	188,019	5	793,395	6	505,653	5
6200	Administrative expenses	44,636	1	53,567	1	127,594	1	149,686	1
6300	Research and development expenses	3,749	-	3,931	-	12,209	-	11,479	-
6450	Expected credit impairment loss (gain on reversal)	(214)	-	(1,138)	-	1,823	-	(1,413)	-
6000	Total operating expenses	409,812	8	244,379	6	935,021	7	665,405	6
6900	Net loss from operations	(68,079)	(1)	(161,009)	(4)	(354,455)	(3)	(359,145)	(3)
	Non-operating income and expenses (Notes 7, 13, 16, 24 and 29)								
7100	Interest income	10,829	-	10,105	-	33,648	-	33,280	-
7010	Other income	11,731	-	20,121	1	32,768	-	82,126	1
7020	Other gains and losses	(33,257)	(1)	45,990	1	44,845	1	59,399	-
7060	Share of profit or loss of associates accounted for using the equity method	(15,651)	-	(4,129)	-	(5,654)	-	(9,006)	-
7510	Finance costs	(8,727)	-	(3,933)	-	(28,131)	-	(9,677)	-
7000	Total non-operating income and expenses	(35,075)	(1)	68,154	2	77,476	1	156,122	1
7900	Net loss before income tax	(103,154)	(2)	(92,855)	(2)	(276,979)	(2)	(203,023)	(2)
7950	Income tax gain (Notes 4 and 25)	(4,185)	-	(20,832)	-	(37,048)	-	(42,840)	(1)
8200	Net loss for the period	(98,969)	(2)	(72,023)	(2)	(239,931)	(2)	(160,183)	(1)
	Other comprehensive income (loss) (Notes 8, 13, 22 and 25)								
8310	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments at FVTOCI	18,132	-	(24,937)	(1)	(54,396)	-	(20,405)	-
8320	Share of other comprehensive income (loss) of associates accounted for using the equity method - unrealized gain (loss) on investments in equity instruments at FVTOCI	8,201	-	(1,232)	-	(8,383)	-	(11,884)	-
8349	Income tax related to components that will not be reclassified to profit or loss	-	-	1	-	-	-	1	-
		26,333	-	(26,168)	(1)	(62,779)	-	(32,288)	-
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations	(25,737)	-	127,865	3	123,673	1	59,786	-
8371	Share of other comprehensive income (loss) of associates accounted for using the equity method - exchange differences on translating the financial statements of foreign operations	5,684	-	4,027	-	9,655	-	877	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss	4,195	-	(26,030)	-	(26,099)	-	(11,985)	-
		(15,858)	-	105,862	3	107,229	1	48,678	-
8300	Other comprehensive (loss) income for the period, net after income tax	10,475	-	79,694	2	44,450	1	16,390	-
8500	Total comprehensive income for the period	(\$ 88,494)	(2)	\$ 7,671	-	(\$ 195,481)	(1)	(\$ 143,793)	(1)
	Loss per share (Note 26)								
9710	Basic	(\$ 0.25)		(\$ 0.18)		(\$ 0.60)		(\$ 0.40)	
9810	Diluted	(\$ 0.25)		(\$ 0.18)		(\$ 0.60)		(\$ 0.40)	

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

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Taita Chemical Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity
January 1 to September 30, 2024 and 2023
(In Thousands of New Taiwan Dollars)

Equity attributable to owners of the Company (Notes 13 and 22)														
										Other equity				
		Share capital		Capital surplus			Retained earnings				Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at FVTOCI	Total	Total equity
Code		Shares (in thousands)	Amount	Long-term equity investments	Unclaimed Dividends	Total	Legal reserve	Special reserve	Unappropriated earnings	Total				
A1	Balance as of January 1, 2023	397,587	\$3,975,868	\$ 660	\$ 439	\$ 1,099	\$ 457,804	\$ 308,061	\$2,254,818	\$3,020,683	(\$ 110,541)	\$ 319,105	\$ 208,564	\$7,206,214
	Appropriation of 2022 earnings													
B1	Legal reserve	-	-	-	-	-	44,234	-	(44,234)	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	-	-	-	(198,793)	(198,793)	-	-	-	(198,793)
C17	Changes in other capital surplus	-	-	2,058	-	2,058	-	-	-	-	-	-	-	2,058
D1	Net loss for the period from January 1 to September 30, 2023	-	-	-	-	-	-	-	(160,183)	(160,183)	-	-	-	(160,183)
D3	Other comprehensive income (loss) for the period from January 1 to September 30, 2023, net after income tax	-	-	-	-	-	-	-	-	-	48,678	(32,288)	16,390	16,390
D5	Total comprehensive income (loss) for the period from January 1 to September 30, 2023	-	-	-	-	-	-	-	(160,183)	(160,183)	48,678	(32,288)	16,390	(143,793)
Z1	Balance as of September 30, 2023	397,587	\$3,975,868	\$ 2,718	\$ 439	\$ 3,157	\$ 502,038	\$ 308,061	\$1,851,608	\$2,661,707	(\$ 61,863)	\$ 286,817	\$ 224,954	\$6,865,686
A1	Balance as of January 1, 2024	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
	Appropriation of 2023 earnings													
B5	Cash dividends to shareholders	-	-	-	-	-	-	-	(119,276)	(119,276)	-	-	-	(119,276)
C17	Changes in other capital surplus	-	-	(5)	-	(5)	-	-	-	-	-	-	-	(5)
D1	Net loss for the period from January 1 to September 30, 2024	-	-	-	-	-	-	-	(239,931)	(239,931)	-	-	-	(239,931)
D3	Other comprehensive income (loss) for the period from January 1 to September 30, 2024, net after income tax	-	-	-	-	-	-	-	-	-	107,229	(62,779)	44,450	44,450
D5	Total comprehensive income (loss) for the period from January 1 to September 30, 2024	-	-	-	-	-	-	-	(239,931)	(239,931)	107,229	(62,779)	44,450	(195,481)
Z1	Balance as of September 30, 2024	397,587	\$3,975,868	\$ 2,757	\$ 439	\$ 3,196	\$ 502,038	\$ 308,061	\$1,386,532	\$2,196,631	(\$ 45,785)	\$ 203,319	\$ 157,534	\$6,333,229

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Taita Chemical Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows January 1 to September 30, 2024 and 2023 (In Thousands of New Taiwan Dollars)

Code		January 1 to September 30, 2024	January 1 to September 30, 2023
	Cash flows from operating activities		
A10000	Net loss before income tax for the period	(\$ 276,979)	(\$ 203,023)
A20010	Income (expenses) items		
A20100	Depreciation expenses	162,360	158,942
A20200	Amortization expenses	498	1,345
A20300	Expected credit impairment loss (reversal gain)	1,823	(1,413)
A20400	Net gain on fair value change of financial assets and liabilities at fair value through profit or loss	(4,791)	(368)
A20900	Finance costs	28,131	9,677
A21200	Interest income	(33,648)	(33,280)
A21300	Dividend income	(8,286)	(11,884)
A22300	Share of profit or loss of associates accounted for using the equity method	5,654	9,006
A22500	(Gain) loss on disposal of property, plant and equipment	1,328	(716)
A23700	Reversal for write-downs of inventories and obsolescence losses	(6,950)	(13,372)
A29900	Provision for refund liabilities	6,575	5,999
A30000	Changes in operating assets and liabilities		
A31115	Financial assets at fair value through profit or loss	(6,718)	287,927
A31130	Notes receivable	(11,954)	(89,043)
A31150	Accounts receivable	(664,061)	(202,391)
A31160	Accounts receivable from related parties	4,200	-
A31180	Other receivables	(69,805)	(22,269)
A31190	Other receivables from related parties	4,780	(1,530)
A31200	Inventories	(148,369)	14,285
A31230	Prepayments and other current assets	(121,632)	49,256
A32150	Accounts payable	178,935	384,519
A32160	Accounts payable from related parties	4	(199)
A32180	Other payables	96,476	7,672
A32190	Other payables from related parties	4,589	115
A32230	Other current liabilities	29,286	(52,087)
A32240	Net Defined Benefit Liabilities	(12,796)	(14,592)
A33000	Net cash flows from operating activities	(841,350)	282,576
A33100	Interest received	58,222	17,018

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Code		January 1 to September 30, 2024	January 1 to September 30, 2023
A33300	Interest paid	(\$ 27,713)	(\$ 9,864)
A33500	Income tax refund (paid)	<u>9,332</u>	(<u>139,828</u>)
AAAA	Net cash flows from operating activities	(<u>801,509</u>)	<u>149,902</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(269,140)	-
B00050	Disposal of financial assets measured at amortized cost	10,000	2,000
B01800	Acquisition of associates	(8,334)	(10,931)
B02700	Acquisition of property, plant and equipment	(139,634)	(121,744)
B02800	Proceeds from the disposal of property, plant and equipment	215	927
B03700	Increase in refundable deposits	(128)	(7,652)
B03800	Decrease in refundable deposits	88	36,801
B05350	Acquisition of right-to-use assets	-	(200,271)
B07600	Dividends received	<u>12,316</u>	<u>15,339</u>
BBBB	Net cash outflow from investing activities	(<u>394,617</u>)	(<u>285,531</u>)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	945,000	-
C00200	Decrease in short-term borrowings	-	(70,000)
C01600	Proceeds from long-term borrowings	-	270,000
C01700	Repayment of long-term borrowings	-	(300,000)
C03000	Increase in refundable deposits received	(572)	(1,658)
C04020	Principal repayment of lease liabilities	(3,493)	(3,456)
C04500	Distribution of cash dividends	(119,276)	(198,793)
C09900	Refund of unclaimed overdue cash dividends	<u>860</u>	<u>3,136</u>
CCCC	Cash used in financing activities	<u>822,519</u>	(<u>300,771</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>55,426</u>	<u>31,020</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD	(318,181)	(405,380)
E00100	Balance of cash and cash equivalents at the beginning of the period	<u>2,211,329</u>	<u>2,662,088</u>
E00200	Balance of cash and cash equivalents at the end of the period	<u>\$ 1,893,148</u>	<u>\$ 2,256,708</u>

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Taita Chemical Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to September 30, 2024 and 2023

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

1. COMPANY HISTORY

Taita Chemical Co., Ltd. (“the Company”) was founded in April 1960, mainly engaged in the manufacturing and sales of polystyrene (PS), acrylonitrile-butadiene-styrene copolymer (ABS) resin, acrylonitrile-styrene copolymer (San) resin, glass wool insulation products, plastic raw materials, and other processed products. The ordinary shares of the Company has been listed on the Taiwan Stock Exchange since 1986. The Company’s parent company is USI Corporation, which held indirectly 36.79% of the ordinary shares of the Company as of September 30, 2024. USI Corporation has operational control over the Company.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

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

The consolidated financial statements were released after approval by the Board of Directors on November 6, 2024.

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

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standard”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

- b. IFRS Accounting Standards approved by the Financial Supervisory Commission applicable for the year 2025

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: Applicable for the annual reporting periods beginning on or after January 1, 2025.

Upon initial application of the amendment, the comparative period shall not be restated and the effect shall be recognized in the exchange differences of foreign operations under retained earnings or equity (as appropriate) and the related affected assets and liabilities on the date of initial application.

Amendments to IAS 21 “Lack of Exchangeability”

The amendment specifies that a currency is considered exchangeable when an entity can exchange one currency for another through a transaction with an enforceable right and obligation established by the market or exchange mechanism within a normal administrative delay. When a currency is not exchangeable as of the measurement date, the Group should estimate the spot exchange rate to reflect the rate that market participants would use in an orderly transaction on the measurement date, considering the prevailing economic conditions. In such cases, the Group should also disclose information that enables financial statement users to assess how the lack of exchangeability affects or is expected to affect its operating results, financial position, and cash flows.

- c. IFRS Accounting Standard that has been issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC

New/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
“Annual Improvements to IFRS Accounting Standards - Volume 11”	January 1, 2026
Amendments to IFRS 9 and IFRS 7, “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
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
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above New/Revised/Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 “Presentation of Financial Statements”. The main changes to the standard include:

- The income statement should classify income and expense items into operating, investment, financing, income tax and discontinued unit categories.
- The income statement should present operating profit or loss, profit or loss before financing and income tax, and subtotals and totals of profit or loss.
- It should provide guidance to enhance aggregation and segmentation requirements: The Group is required to identify assets, liabilities, equity, revenue, expenses, and cash flows arising from individual transactions or other events, and classify and aggregate the items on the basis of common characteristics to enable each line item presented in the primary financial statements has at least one similar characteristic. Items with different characteristics should be subdivided in the major financial statements and the notes thereto. The Group may classify the items as “others” only when a more informative name is not available.
- Addition of disclosure of management-defined performance measures: When the Group engages in public communications outside financial statements and communicates with users of the financial statements about management’s views on a particular aspect of the Group’s overall financial performance, the Group should disclose information about management-defined performance measures in a separate note to the financial statements, including a description of the measure, how it is calculated, a reconciliation of the measure to the subtotals or totals prescribed by IFRSs, as well as the effect of the related reconciling items on income tax and non-controlling interests.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s consolidated financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Compliance declaration

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the

FSC. This consolidated financial report does not include all disclosures required by IFRSs for a complete annual financial report.

b. Preparation basis

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Please refer to Note 12, Tables 4 and 5 for detailed information on subsidiaries, percentages of ownership and main businesses.

d. Others significant accounting policies

In addition to the following explanations, please refer to the Summary of Significant Accounting Policies in the 2023 Annual Consolidated Financial Report.

1) Classification standard of current and non-current assets and liabilities

Current assets include:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) Cash and cash equivalents (not including the asset restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period).

Current liabilities include:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities are due to be settled within 12 months after the balance sheet date, and
- c) Liabilities for which the Company does not have an actual right on the balance sheet date to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

2) Defined-benefit retirement benefits

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

3) Income tax expenses

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

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

For the explanation of primary sources of uncertainties in material accounting judgments, estimates, and assumptions, please refer to the Summary of Significant Accounting Policies in the 2023 Annual Consolidated Financial Report.

6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and petty cash	\$ 310	\$ 331	\$ 371
Checking accounts and demand deposits	1,504,183	658,841	555,275
Cash equivalents			
Fixed term deposits	338,655	1,552,157	1,681,062
Bonds sold under repurchase agreement	50,000	-	20,000
	<u>\$ 1,893,148</u>	<u>\$ 2,211,329</u>	<u>\$ 2,256,708</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets mandatorily measured at fair value through profit or loss</u>			
Non-derivative financial assets			
— Domestic listed (OTC) shares	\$ 91,274	\$ 93,886	\$ 38,954
— Overseas unlisted (OTC) shares	-	-	-
— Fund beneficiary certificates	17,847	67,292	20,031
— Beneficiary securities	<u>63,566</u>	<u>-</u>	<u>68,509</u>
	<u>\$ 172,687</u>	<u>\$ 161,178</u>	<u>\$ 127,494</u>

For the Group, from July 1 to September 30 in 2024 and 2023, and from January 1 to September 30 in 2024 and 2023, the net gains from financial assets measured at fair value through profit or loss amounted to NT\$1,775 thousand, net loss of NT\$1,970 thousand, net gains of NT\$9,656 thousand, and net gains of NT\$3,201 thousand, respectively.

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Investments in equity instruments</u>			
Domestic investments			
Listed (OTC) ordinary shares			
— USI Corporation	\$ 244,025	\$ 298,421	\$ 313,531
Unlisted (OTC) ordinary shares			
— Harbinger Venture Capital Corp.	<u>6</u>	<u>6</u>	<u>6</u>
Subtotal	244,031	298,427	313,537
Overseas investments			
Unlisted (OTC) ordinary shares			
Budworth Investment Ltd.	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 244,031</u>	<u>\$ 298,427</u>	<u>\$ 313,537</u>

The Group invests in the ordinary shares of the aforementioned companies for medium- and long-term strategic objectives and expects to make profits through long-term investments. Accordingly, the management elected to designate these investments in equity instruments as

at FVTOCI as it believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	September 30, 2024	December 31, 2023	September 30, 2023
Fixed-term deposits with original maturity over 3 months	\$ 271,002	\$ 10,000	\$ -
Pledged certificates of deposit	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
	<u>\$ 274,002</u>	<u>\$ 13,000</u>	<u>\$ 3,000</u>

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

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Notes receivable (a)</u>			
Operating	<u>\$ 229,776</u>	<u>\$ 208,635</u>	<u>\$ 249,996</u>
<u>Accounts receivable (a)</u>			
Measured at amortized cost			
Total carrying amount	\$ 2,277,833	\$ 1,599,125	\$ 1,750,575
Less: Allowance for impairment loss	(<u>2,017</u>)	(<u>3,035</u>)	(<u>56,302</u>)
	<u>\$ 2,275,816</u>	<u>\$ 1,596,090</u>	<u>\$ 1,694,273</u>
Accounts receivable from related parties (1) (Note 29)	<u>\$ -</u>	<u>\$ 4,200</u>	<u>\$ -</u>
<u>Other receivables (2)</u>			
Business tax refund receivable	\$ 140,483	\$ 70,889	\$ 89,543
Interest receivable	11,171	33,968	36,878
Others	<u>780</u>	<u>546</u>	<u>618</u>
	<u>\$ 152,434</u>	<u>\$ 105,403</u>	<u>\$ 127,039</u>
Other receivables from related parties (Note 29)	<u>\$ 158</u>	<u>\$ 4,932</u>	<u>\$ 4,694</u>

a. Notes receivable and accounts receivable

The credit period of the Group for the sales of the merchandise is from 30 to 180 days, and the notes and accounts receivable are not interest-bearing. In order to mitigate credit risk, the management of the Group has assigned a dedicated team to be responsible for the determination of the credit line, credit approval, and other procedures of the

supervisory control to ensure that appropriate action has been taken to reclaim past due receivables, and the Group has insured some of the receivables against credit insurance or obtained adequate guarantees if necessary to mitigate the risk of financial losses due to delinquency. In addition, the Group reviews the recoverable amount of each individual receivable on the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts. Prior to accepting a new client, the credit quality of the prospect is assessed through the internal credit rating system and the credit facilities of the prospect will be set, and the history of the transactions and the financial position of the individual client are regularly reviewed, according to which the management of the Group believes that the credit risk of the Group has been significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (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 forward looking information such as GDP forecasts.

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

The following table details the loss allowance of notes receivable and accounts receivable based on the Group's allowance matrix:

September 30, 2024

	Credit rating A	Credit rating B	Credit rating C	Others	Total
Total carrying amount	\$ 7,453	\$ 744,302	\$ 104,216	\$1,651,638	\$2,507,609
Loss allowance (lifetime ECLs)	-	-	-	(2,017)	(2,017)
Amortized cost	<u>\$ 7,453</u>	<u>\$ 744,302</u>	<u>\$ 104,216</u>	<u>\$1,649,621</u>	<u>\$2,505,592</u>

December 31, 2023

	Credit rating A	Credit rating B	Credit rating C	Others	Total
Total carrying amount	\$ 11,218	\$ 533,152	\$ 88,181	\$1,179,409	\$1,811,960
Loss allowance (lifetime ECLs)	-	-	-	(3,035)	(3,035)
Amortized cost	<u>\$ 11,218</u>	<u>\$ 533,152</u>	<u>\$ 88,181</u>	<u>\$1,176,374</u>	<u>\$1,808,925</u>

September 30, 2023

	Credit rating A	Credit rating B	Credit rating C	Others	Total
Total carrying amount	\$ 7,591	\$ 538,417	\$ 102,302	\$1,352,261	\$2,000,571

Loss allowance (lifetime ECLs)	-	-	(262)	(56,040)	(56,302)
Amortized cost	<u>\$ 7,591</u>	<u>\$ 538,417</u>	<u>\$ 102,040</u>	<u>\$1,296,221</u>	<u>\$1,944,269</u>

Changes in the allowance for impairment loss recognized on accounts receivable were as follows:

	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance at the beginning of the period	\$ 3,035	\$ 57,662
Expected credit impairment loss (reversal gain)	1,823	(1,413)
Amounts written off for this Period	(2,933)	-
Foreign exchange translation gains and losses	92	53
Balance at the end of the period	<u>\$ 2,017</u>	<u>\$ 56,302</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
Not overdue	\$ 2,454,330	\$ 1,761,104	\$ 1,921,919
Up to 60 days	44,458	48,008	22,703
Past due over 61 days	<u>8,821</u>	<u>2,848</u>	<u>55,949</u>
Total	<u>\$ 2,507,609</u>	<u>\$ 1,811,960</u>	<u>\$ 2,000,571</u>

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

b. Other receivables

Other receivables of the Group as of September 30, 2024 and December 31 and September 30, 2023 have been assessed for impairment losses on the basis of expected credit losses.

11. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods	\$ 547,055	\$ 535,351	\$ 489,658
Work in process	216,100	153,301	153,374
Raw materials	466,583	377,658	273,138
Supplies	<u>34,712</u>	<u>35,370</u>	<u>35,983</u>
	<u>\$ 1,264,450</u>	<u>\$ 1,101,680</u>	<u>\$ 952,153</u>

The cost of goods sold related to inventory for the periods from July 1 to September 30, 2024 and 2023, and from January 1 to September 30, 2024 and 2023, amounted to NT\$4,844,174

thousand, NT\$3,897,343 thousand, NT\$13,339,095 thousand, and NT\$10,837,203 thousand, respectively.

The cost of goods sold for the periods from July 1 to September 30, 2024, and from January 1 to September 30, 2024, included provisions for net realizable value write-down of inventory amounting to NT\$2,760 thousand and write-downs of inventory to net realizable value amounting to NT\$6,950 thousand, respectively.

The cost of goods sold for the periods from July 1 to September 30, 2023, and from January 1 to September 30, 2023, included write-downs of inventory to net realizable value amounting to NT\$15,138 thousand and NT\$13,372 thousand, respectively.

The increase in the net realizable value of inventory is due to the rise in the selling price of the inventory in the market.

12. SUBSIDIARY

Subsidiaries included in the consolidated financial statements

The consolidated financial statements are prepared by the following subjects:

Investor company	Name of subsidiary	Nature of business	Proportion of ownership			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	TAITA (BVI) Holding Co., Ltd. (TAITA (BVI))	Reinvestment	100%	100%	100%	-
TAITA (BVI)	Taita Chemical (Zhongshan) Co., Ltd. ("TAITA (ZS)")	Production and sales of polystyrene derivatives	100%	100%	100%	1.
	Taita Chemical (Tianjin) Co., Ltd. (TTC (TJ))	Production and sales of polystyrene derivatives	100%	100%	100%	2.
	Zhangzhou Taita Chemical Company, Limited (TTCZZ)	Production and sales of polystyrene derivatives	100%	100%	100%	3.

- 1) Till September 30, 2024, the amount of investment in Taita Zhongshan was USD 43,000 thousand dollars, and the company's surplus was transferred to the capital increase of USD 3,250 thousand in 2007. Till September 30, 2024, the company's paid-in capital was USD 46,250 thousand.
- 2) Till September 30, 2024, the amount of investment in Taita Tianjin was USD 26,000 thousand, and the company's surplus in 2012 was transferred to the capital increase of USD 1,350 thousand. Till September 30, 2024, the company's paid-in capital was USD 27,350 thousand. Due to the curtailing demand in the local market, the management of the Company decided to suspend the production of Taita Tianjin from April 2019.

3) On December 3, 2020, the Board of Directors of the Company resolved to establish Zhangzhou Taita with an investment of RMB 314,000 thousand through Taita (BVI). Zhangzhou Delta Industry was founded and registered on June 28, 2021. As of September 30, 2024, the company's paid-in capital amounted to RMB 306,950 thousand. The financial statements of the subsidiaries included in this consolidated financial report are calculated based on the financial statements of the subsidiaries for the same period reviewed by CPAs.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Individually insignificant associates</u>			
Listed company			
China General Plastics Corporation ("CGPC")	\$ 179,086	\$ 189,901	\$ 191,391
Acme Electronics Corp. ("ACME")	48,377	41,468	42,957
Unlisted (OTC) company			
China General Terminal & Distribution Co. ("CGTD")	319,414	329,972	334,844
ACME Electronics (Cayman) Corp. (ACME (Cayman))	<u>75,729</u>	<u>61,348</u>	<u>64,038</u>
	<u>\$ 622,606</u>	<u>\$ 622,689</u>	<u>\$ 633,230</u>

Summarized information of associates that is not individually material

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
The Group's share of:				
Net loss from continuing operations for the period	(\$ 15,651)	(\$ 4,129)	(\$ 5,654)	(\$ 9,006)
Other comprehensive income	<u>13,885</u>	<u>2,795</u>	<u>1,272</u>	(<u>11,007</u>)
Total comprehensive income	(<u>\$ 1,766</u>)	(<u>\$ 1,334</u>)	(<u>\$ 4,382</u>)	(<u>\$ 20,013</u>)

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

Company name	September 30, 2024	December 31, 2023	September 30, 2023
CGPC	1.98%	1.98%	1.98%
ACME	2.34%	2.34%	2.34%
CGTD	33.33%	33.33%	33.33%
ACME (Cayman)	4.42%	4.42%	4.42%

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

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

ACME (Cayman) resolved to carry out a cash capital increase on April 24, 2023, issuing 11,054 thousand new shares at a par value of USD 0.1 per share, with a premium of USD 0.81 per share. The Group did not participate in the aforementioned capital increase, resulting in a decrease in its shareholding from 5.39% to 4.42%. On February 6, 2024, ACME (Cayman) resolved to carry out a cash capital increase, issuing 6,000 thousand new shares at a par value of USD 0.1 per share, with a premium of USD 1 per share. The Group participated in the aforementioned capital increase based on its original shareholding of 4.42%, resulting in a capital increase of USD 8,334 thousand for ACME (Cayman).

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

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

Company name	September 30, 2024	December 31, 2023	September 30, 2023
CGPC	<u>\$ 204,988</u>	<u>\$ 256,811</u>	<u>\$ 286,753</u>
ACME	<u>\$ 179,446</u>	<u>\$ 125,288</u>	<u>\$ 125,538</u>

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

14. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount by function</u>			
Freehold land	\$ 634,432	\$ 634,432	\$ 634,432
Buildings	246,806	262,385	273,829
Machinery and equipment	834,628	893,180	903,591
Transportation equipment	2,572	2,909	3,341
Other equipment	51,936	40,968	43,743
Construction in progress	148,320	103,451	81,677
	<u>\$ 1,918,694</u>	<u>\$ 1,937,325</u>	<u>\$ 1,940,613</u>

Except for the recognition of depreciation expenses, the Group did not experience any significant additions, disposals, or impairments of property, plant and equipment during the periods from January 1 to September 30, 2024, and 2023. Depreciation charges are set aside on a straight-line over their estimated useful lives as follows:

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

For property, plant and equipment pledged as collateral for financing, please refer to Notes 17 and 30.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amount of right-of-use assets</u>			
Land	<u>\$ 259,183</u>	<u>\$ 257,252</u>	<u>\$ 268,011</u>

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Increase in right-of-use assets			<u>\$ -</u>	<u>\$ 200,271</u>
Depreciation charge for right-of-use assets				
Land	<u>\$ 2,502</u>	<u>\$ 2,465</u>	<u>\$ 7,477</u>	<u>\$ 6,044</u>

Except for the recognition of depreciation expenses, there was no significant increase, sublease or impairment of the Group's right-of-use assets from January 1 to September 30, 2024 and 2023. For land use rights pledged as collateral for financing, please refer to Notes 17 and 30.

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Lease liabilities carrying amount			
Current	<u>\$ 4,704</u>	<u>\$ 4,665</u>	<u>\$ 4,652</u>
Non-current	<u>\$ 25,562</u>	<u>\$ 29,094</u>	<u>\$ 30,266</u>

As of September 30, 2024, and December 31 and September 30, 2023, the discount rates for the lease liability are all 1.10%.

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

c. Other lease information

For lease arrangements under operating leases for leasing out of investment properties, please refer to Note 16.

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Expenses relating to short- term leases	<u>\$ 4,760</u>	<u>\$ 4,587</u>	<u>\$ 14,369</u>	<u>\$ 12,988</u>
Expenses relating to low- value asset leases	<u>\$ 7</u>	<u>\$ 5</u>	<u>\$ 18</u>	<u>\$ 16</u>
Total cash outflow for leases	<u>\$ 6,020</u>	<u>\$ 5,845</u>	<u>\$ 18,146</u>	<u>\$ 16,764</u>

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

16. INVESTMENT PROPERTIES, NET

	September 30, 2024	December 31, 2023	September 30, 2023
Land	<u>\$ 108,178</u>	<u>\$ 108,178</u>	<u>\$ 108,178</u>

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

The land of the former township factory of the Group is leased to CGTD, and the actual rental area is agreed upon, and the monthly rent is NT\$1,496 thousand (please refer to Notes 24 and 29).

17. BORROWINGS**Short-term borrowings**

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 1,770,000</u>	<u>\$ 825,000</u>	<u>\$ 350,000</u>

The annual interest rates for credit facility borrowings as of September 30, 2024, December 31, 2023, and September 30, 2023, were 1.80% to 1.92%, 1.66% to 1.70%, and 1.66% to 1.69%, respectively.

In addition, the Group provided property, plant, equipment, and the rights of land use as collateral (see Notes 14, 15 and 30).

Some of the Group's loan agreements stipulate that the current ratio and debt ratio as stated on the financial statements shall not be less than a specified percentage, and that if such a percentage fails to be met, the Group shall propose improvement measures to the banks concerned. Till September 30, 2024, the Group has not violated the aforementioned financial ratios.

18. ACCOUNTS PAYABLE

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Accounts payable (including related parties)</u>			
Arising from operations (Note 29)	<u>\$ 928,058</u>	<u>\$ 746,923</u>	<u>\$ 1,032,179</u>

The average credit period of the Group is between 30 and 45 days. The Group has financial risk management policies to ensure that all accounts payable are paid within the credit terms.

19. OTHER PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Payables for fares	\$ 127,449	\$ 59,743	\$ 66,936
Payables for salaries or bonuses	83,629	77,436	85,998
Payables for utilities	39,226	30,949	40,541
Payables for purchases of equipment	15,716	29,824	30,247
Others	95,246	78,236	91,275
	<u>\$ 361,266</u>	<u>\$ 276,188</u>	<u>\$ 314,997</u>

20. REFUND LIABILITIES - CURRENT

	September 30, 2024	December 31, 2023	September 30, 2023
Sales returns and rebates	<u>\$ 1,448</u>	<u>\$ 1,314</u>	<u>\$ 1,124</u>

	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance at the beginning of the period	\$ 1,314	\$ 1,102
Provision for the current period	6,575	5,999
Returns and rebates for the current period	(<u>6,441</u>)	(<u>5,977</u>)
Balance at the end of the period	<u>\$ 1,448</u>	<u>\$ 1,124</u>

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. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the "Labor Pension Act" of ROC (the "LPA"), which is a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts in the Bureau of Labor Insurance at 6% of monthly salaries and wages.

The employees of the Group's subsidiary, TTC (ZS), in mainland China is the member of a state-managed retirement benefit plans operated by the government of mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to

the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plans is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act 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.

For the periods from July 1 to September 30 in 2024 and 2023, and from January 1 to September 30 in 2024 and 2023, the recognized costs related to defined benefit pension plans are calculated based on the pension cost rate determined by actuarial valuations as of December 31, 2023 and December 31, 2022. The amounts recognized in profit or loss are summarized by function as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Cost of goods sold	\$ 623	\$ 802	\$ 1,864	\$ 2,405
Selling and marketing expenses	32	32	102	96
Administrative expenses	9	22	28	72
Research and development expenses	<u>22</u>	<u>26</u>	<u>63</u>	<u>74</u>
	<u>\$ 686</u>	<u>\$ 882</u>	<u>\$ 2,057</u>	<u>\$ 2,647</u>

From January 1 to September 30, 2024 and 2023, the Company allocated NT\$14,852 thousand and NT\$17,238 thousand respectively to the Taiwan bank account designated by the Supervisory Committee of Labor Retirement Reserve.

22. EQUITY

a. Ordinary shares

	September 30, 2024	December 31, 2023	September 30, 2023
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Shares authorized	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>397,587</u>	<u>397,587</u>	<u>397,587</u>
Shares issued	<u>\$ 3,975,868</u>	<u>\$ 3,975,868</u>	<u>\$ 3,975,868</u>

The holders of issued ordinary shares with a par value of \$10 are entitled to the right to one vote and to receive dividends.

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, dividends may be stopped if the distributable profit per share in the current fiscal year is less than \$0.1.

The 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.

The Company appropriated to and reversed from a special reserve in accordance with Jin-Guan-Zheng-Fa-Zhi No. 1090150022.

The Company held its annual shareholders' meetings on May 31, 2024, and May 30, 2023, where the resolutions for the distribution of earnings for the fiscal years 2023 and 2022 were approved as follows:

	Appropriation of earnings		Dividends per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ -	\$ 44,234		
Cash dividends	119,276	198,793	\$ 0.3	\$ 0.5

d. Special reserve

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

	September 30, 2024	December 31, 2023	September 30, 2023
Special reserve	<u>\$ 308,061</u>	<u>\$ 308,061</u>	<u>\$ 308,061</u>

The Company's amount of unrealized revaluation gain and cumulative adjustments transferred into retained earnings were NT\$279,270 thousand and NT\$160,233 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was not sufficient for the special reserve appropriation; thus, the Company appropriated a special reserve in the amount of NT\$308,061 thousand which was the net increase of retained earnings arising from the first-time adoption of IFRSs. As of September 30, 2024, there was no change in the special reserve.

e. Other equity items

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

	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance at the beginning of the period	(\$ 153,014)	(\$ 110,541)

Incurring this period		
Exchange differences on translation of foreign operations	123,673	59,786
Share of associates accounted for using the equity method	9,655	877
Related income tax	(26,099)	(11,985)
Balance at the end of the period	(\$ 45,785)	(\$ 61,863)

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

2) Unrealized gain (loss) on financial assets at FVTOCI

	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance at the beginning of the period	\$ 266,098	\$ 319,105
Incurring this period		
Unrealized gains (losses)		
Equity instruments	(54,396)	(20,405)
Share in associates accounted for under the equity method	(8,383)	(11,884)
Related income tax	-	1
Balance at the end of the period	<u>\$ 203,319</u>	<u>\$ 286,817</u>

23. REVENUE

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Revenue from contracts with customers				
Proceeds of sale	<u>\$ 5,185,907</u>	<u>\$ 3,980,713</u>	<u>\$ 13,919,661</u>	<u>\$ 11,143,463</u>

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

24. NET LOSS BEFORE INCOME TAX

a. Interest income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Cash and cash equivalents	\$ 10,629	\$ 10,046	\$ 31,781	\$ 31,559
Financial assets at fair value through profit or loss (Note 7)	200	-	1,867	1,526
Others	<u>-</u>	<u>59</u>	<u>-</u>	<u>195</u>
	<u>\$ 10,829</u>	<u>\$ 10,105</u>	<u>\$ 33,648</u>	<u>\$ 33,280</u>

b. Other income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Rental income - operating lease (Notes 16 and 29)	\$ 6,698	\$ 8,347	\$ 19,837	\$ 26,316
Government subsidy	-	-	-	25,919
Dividend income				
Financial assets at fair value through profit or loss (Note 7)	2,712	930	2,998	1,307
Financial assets at fair value through other comprehensive income	-	-	5,288	10,577
Others	<u>2,321</u>	<u>10,844</u>	<u>4,645</u>	<u>18,007</u>
	<u>\$ 11,731</u>	<u>\$ 20,121</u>	<u>\$ 32,768</u>	<u>\$ 82,126</u>

c. Other gains and losses

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Loss and gain of financial assets at fair value through profit or loss (Note 7)	(\$ 1,137)	(\$ 2,900)	\$ 4,791	\$ 368
Net gain (loss) through foreign currency exchange	(30,389)	49,318	49,502	62,909
Gain (loss) on disposal of property, plant and equipment	(630)	689	(1,328)	716
Expenses from rental assets	(1,115)	(1,130)	(3,364)	(3,946)
Others	<u>14</u>	<u>13</u>	<u>(4,756)</u>	<u>(648)</u>
	<u>(33,257)</u>	<u>\$ 45,990</u>	<u>\$ 44,845</u>	<u>\$ 59,399</u>

d. Gain or loss on foreign exchange

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Total foreign exchange gains	\$ 28,837	\$ 63,301	\$ 136,242	\$ 139,464
Total foreign exchange losses	(59,226)	(13,983)	(86,740)	(76,555)
Net profit (loss)	(\$ 30,389)	\$ 49,318	\$ 49,502	\$ 62,909

e. Finance costs

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Interest on bank loans	\$ 8,642	\$ 3,835	\$ 27,865	\$ 9,492
Interest on lease liabilities (Note 29)	85	98	266	304
Amount of capitalization of interest (included in property under construction)	-	-	-	(119)
	<u>\$ 8,727</u>	<u>\$ 3,933</u>	<u>\$ 28,131</u>	<u>\$ 9,677</u>

Information about capitalized interest is as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Capitalized interest	\$ -	\$ -	\$ -	\$ 119
Capitalization rate	-	-	-	1.50%~1.65%

f. Depreciation and amortization

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Property, plant and equipment	\$ 50,894	\$ 51,050	\$ 154,883	\$ 152,898
Right-of-use assets (Note 15)	2,502	2,465	7,477	6,044
Intangible assets	24	437	498	1,345
Total	<u>\$ 53,420</u>	<u>\$ 53,952</u>	<u>\$ 162,858</u>	<u>\$ 160,287</u>

Analysis of depreciation by
function

Cost of goods sold	\$ 50,023	\$ 50,181	\$ 152,257	\$ 149,726
Operating expenses	3,020	2,969	9,024	7,624
Other gains and losses	353	365	1,079	1,592
	<u>\$ 53,396</u>	<u>\$ 53,515</u>	<u>\$ 162,360</u>	<u>\$ 158,942</u>

Analysis of amortization by
function

Cost of goods sold	\$ -	\$ 400	\$ 400	\$ 1,201
Administrative expenses	24	37	98	144
	<u>\$ 24</u>	<u>\$ 437</u>	<u>\$ 498</u>	<u>\$ 1,345</u>

g. Employee benefits expense

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Post-employment benefits (Note 21)				
Defined contribution plans	\$ 5,547	\$ 5,368	\$ 16,523	\$ 15,988
Defined benefit plans	<u>686</u>	<u>882</u>	<u>2,057</u>	<u>2,647</u>
	6,233	6,250	18,580	18,635
Insurance expenses	8,949	8,823	26,966	26,949
Other employee benefits	<u>125,037</u>	<u>117,584</u>	<u>362,337</u>	<u>357,856</u>
An analysis of employee benefits expense	<u>\$ 140,219</u>	<u>\$ 132,657</u>	<u>\$ 407,883</u>	<u>\$ 403,440</u>
An analysis of employee benefits expense by function				
Operating cost	\$ 115,996	\$ 107,885	\$ 337,886	\$ 322,769
Operating expenses	<u>24,223</u>	<u>24,772</u>	<u>69,997</u>	<u>80,671</u>
	<u>\$ 140,219</u>	<u>\$ 132,657</u>	<u>\$ 407,883</u>	<u>\$ 403,440</u>

h. Employees' compensation and remuneration of directors

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

From January 1 to September 30, 2024 and 2023, employees' compensation was not estimated due to losses. The employees' compensation and remuneration of directors for the year ended December 31, 2022 were resolved to be paid in cash by the Company's board of directors on March 3, 2023, as follows:

	2022	
	Accrual rate	Amount
Employees' compensation	1%	<u>\$ 5,524</u>
Remuneration of directors	-	<u>\$ -</u>

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

For the year ended December 31, 2023, employees' compensation was not estimated and distributed due to losses. There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts the recognition the consolidated financial statements for the year ended December 31, 2022. 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 benefit recognized in profit or loss were as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Current tax				
In respect of the current period	\$ 1,595	(\$ 875)	\$ 1,595	\$ 5,794
Adjustments from previous years	(<u>778</u>)	(<u>-</u>)	(<u>778</u>)	(<u>1,762</u>)
	<u>817</u>	<u>(875)</u>	<u>817</u>	<u>4,032</u>
Deferred tax				
In respect of the current period	(5,002)	(19,957)	(37,883)	(48,057)
Adjustments from previous years	(<u>-</u>)	(<u>-</u>)	(<u>18</u>)	(<u>1,185</u>)
	<u>(5,002)</u>	<u>(19,957)</u>	<u>(37,865)</u>	<u>(46,872)</u>
Income tax benefit recognized in profit or loss	(<u>\$ 4,185</u>)	(<u>\$ 20,832</u>)	(<u>\$ 37,048</u>)	(<u>\$ 42,840</u>)

- b. Income tax recognized in other comprehensive income

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Deferred tax				
Incurred this period				
— Exchange differences on translating the financial statements of foreign operations	\$ 4,195	(\$ 26,030)	(\$ 26,099)	(\$ 11,985)
— Unrealized gain (loss) on financial assets at FVTOCI	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Income tax recognized in other comprehensive income	<u>\$ 4,195</u>	(<u>\$ 26,029</u>)	(<u>\$ 26,099</u>)	(<u>\$ 11,984</u>)

- c. Income tax assessments

The Company's business income tax declaration case has been approved by the taxation and taxation authority for 2022.

d. Income tax related to subsidiaries were as follows:

- 1) Taita (BVI) is exempt from income tax for both January 1 to September 30, 2024 and 2023 as a result of applicable local government tax exemptions.
- 2) Taita Zhongshan, Taita Tianjin, and Zhangzhou Taita comply with the regulations of the local enterprise income tax law, and the applicable tax rate is 25%.

26. LOSS PER SHARE

	Unit: NT\$ per share			
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Basic loss per share	(\$ 0.25)	(\$ 0.18)	(\$ 0.60)	(\$ 0.40)
Diluted loss per share	(\$ 0.25)	(\$ 0.18)	(\$ 0.60)	(\$ 0.40)

The net loss and weighted average number of ordinary shares outstanding in the computation of loss per share were as follows:

Net loss for the period

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Net loss used to calculate the basic and diluted loss per share	(\$ 98,969)	(\$ 72,023)	(\$ 239,931)	(\$ 160,183)

Number of shares

	Unit: thousands of shares			
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Weighted average number of ordinary shares used in the computation of basic and diluted loss per share	<u>397,587</u>	<u>397,587</u>	<u>397,587</u>	<u>397,587</u>

If the Group offered to settle remuneration paid to employees in cash or shares, the Group assumed the entire amount of the remuneration 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, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year. For the periods from July 1 to September 30 in 2024 and 2023, and from January 1 to September 30

in 2024 and 2023, since the company incurred a loss, the potential shares from employee compensation have a dilutive effect and are therefore not included in the calculation of diluted loss per share.

27. CAPITAL RISK MANAGEMENT

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

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

Key management personnel of the Group review the capital structure periodically. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values. Otherwise, the fair values cannot be reliably measured.

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

1) Fair value hierarchy

September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Investments in equity instruments				
— Domestic listed (OTC) shares	\$ 91,274	\$ -	\$ -	\$ 91,274
— Overseas unlisted (OTC) shares	-	-	-	-
Fund beneficiary certificates	17,847	-	-	17,847
Beneficiary securities	<u>63,566</u>	<u>-</u>	<u>-</u>	<u>63,566</u>
Total	<u>\$ 172,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,687</u>

Financial assets at fair value through other comprehensive income

Investments in equity instruments				
— Domestic listed (OTC) shares	\$ 244,025	\$ -	\$ -	\$ 244,025
— Domestic unlisted (OTC) shares	-	-	6	6
— Overseas unlisted (OTC) shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 244,025</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 244,031</u>

December 31, 2023

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

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Investments in equity instruments				
— Domestic listed (OTC) shares	\$ 38,954	\$ -	\$ -	\$ 38,954
— Overseas unlisted (OTC) shares	-	-	-	-
Fund beneficiary certificates	20,031	-	-	20,031
Beneficiary securities	<u>68,509</u>	<u>-</u>	<u>-</u>	<u>68,509</u>
Total	<u>\$ 127,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,494</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Domestic listed (OTC) shares	\$ 313,531	\$ -	\$ -	\$ 313,531
— Domestic unlisted (OTC) shares	-	-	6	6
— Overseas unlisted (OTC) shares	-	-	-	-
Total	<u>\$ 313,531</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 313,537</u>

From January 1 to September 30, 2024 and 2023, there was no transfer between Level 1 and Level 2 financial assets at fair value measurements.

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

Financial assets at FVTOCI - equity instruments

Financial assets	January 1 to September 30, 2024	January 1 to September 30, 2023
Balance at the beginning of the period	\$ 6	\$ 13
Recognized in other comprehensive income (included in unrealized gain on financial assets at FVTOCI)	<u>-</u>	(<u>7</u>)
Balance at the end of the period	<u>\$ 6</u>	<u>\$ 6</u>

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

To determine the fair value for Level 3 financial instruments, the Group's investment department conducts independent fair value verification using external resources so as to better reflect the market conditions, as well as periodically reviewing the valuation results in order to guarantee the rationality of the measurement. The fair value of the unlisted equity investment held by the Group domestically and abroad is evaluated by the asset-based approach, and its fair value is determined by referring to the latest net value of the investment company and its observable financial and operating conditions; the unobservable input value used on September 30, 2024, and September 30 and December 31, 2023, is a liquidity discount of 15%.

c. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss - mandatorily classified as at fair value through profit or loss	\$ 172,687	\$ 161,178	\$ 127,494
Financial assets at amortized cost (Note 1)	4,713,115	4,100,806	4,274,146
Financial assets at FVTOCI - investments in equity instruments	244,031	298,427	313,537
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	2,979,450	1,773,561	1,598,702

Note 1: The balance includes cash and cash equivalents, fixed-term deposits with original maturity over 3 months, 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 Group's conduct of risk controlling and hedging strategy is influenced by the operational environment. The Group monitors and manages the financial risk by business nature and risk dispersion. These risks include market risk (including foreign currency risk, interest rate risk and other price risks), credit risk and liquidity risk.

1) Market risk

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

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

a) Foreign currency risk

The Group conducted foreign currency sales and purchases, which exposed the Group to foreign currency risk. In order to avoid the impact of foreign currency exchange rate changes, which lead to deductions in foreign currency denominated assets and fluctuations in their future cash flows, the Group used foreign exchange forward contracts to eliminate foreign currency exposure and thus mitigate the impact of the risk. The use of foreign exchange forward contracts was governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits was reviewed by internal auditors on a continuous basis. The Group does not undergo the transaction of the forward foreign exchange contracts for speculative purposes. For the Group's monetary assets and liabilities, denominated in non-functional currencies on the balance sheet date (including the monetary items and nonfunctional currencies written off in the consolidated financial statements), please refer to Note 33.

Sensitivity analysis

The sensitivity analysis of foreign currency risk mainly focuses on the computation of foreign currency monetary items at the end of the financial reporting period (U.S. dollar denominated items). When the functional currency of the consolidated entity appreciates/depreciates by 3% against USD, the Group's net loss before tax will increase/decrease by NT\$33,393 thousand and NT\$23,584 thousand from January 1 to September 30, 2024 and 2023.

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

b) Interest rate risk

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
— Financial assets	\$ 1,864,489	\$ 1,579,097	\$ 1,717,796
— Financial liabilities	1,300,266	758,759	334,918
Cash flow interest rate risk			
— Financial assets	283,183	650,236	552,964
— Financial liabilities	500,000	100,000	50,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rate risk of cash flow for both financial assets and liabilities at the end of the reporting period. The fixed-rate financial assets and liabilities held by the Group are not included in the analysis as they are all measured at amortized cost. A 0.5% increase/decrease of market interest was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate. With all other variables remaining unchanged, a 0.5% increase/decrease in market rates of interest would result in an increase/decrease of NT\$813 thousand and decrease/increase of NT\$1,886 thousand in net loss before tax for the Group's nine months ended September 30, 2024 and 2023.

c) Other price risks

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

Sensitivity analysis

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

If equity prices increase/decrease by 5%, the pre-tax net loss for the periods from January 1 to September 30 in 2024 and 2023 will decrease/increase by NT\$8,634 thousand and NT\$5,373 thousand, respectively, due to changes in the fair value of financial assets measured at fair value through profit or loss (excluding money market fund investments). Additionally, the pre-tax other comprehensive income for the same periods will increase/decrease by NT\$12,202 thousand and NT\$15,677 thousand, respectively, due to changes in the fair value 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 and result in financial loss to the Group. The Group adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The counterparties of the Group's accounts receivable included numerous clients distributed over a variety of areas and were not centered on a single client or location. Furthermore, the Group mitigates credit concentration risk by obtaining letters of credit issued by financial institutions prior to shipment for the sales transactions to the aforementioned specific customers and continuously assesses the financial condition of its customers, and then the Group's credit risk was limited. On the balance sheet date, the Group's maximum exposure to credit risk is

approximately the carrying amounts respective recognized financial assets as stated in the balance sheet.

3) Liquidity risk

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

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

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

September 30, 2024

	Weighted average interest rate (%)	On demand or less than 1 year	1-5 years	More than 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities		\$ 1,209,450	\$ -	\$ -
<u>Lease liabilities</u>	1.10	5,013	20,052	6,266
<u>Floating interest rate liabilities</u>	1.88	502,252	-	-
<u>Fixed interest rate liabilities</u>	1.86	1,271,959	-	-
		<u>\$ 2,988,674</u>	<u>\$ 20,052</u>	<u>\$ 6,266</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years
Lease liabilities	<u>\$ 5,013</u>	<u>\$ 20,052</u>	<u>\$ 6,266</u>

December 31, 2023

	Weighted average interest rate (%)	On demand or less than 1 year	1-5 years	More than 5 years
<u>Non-Privative financial liabilities</u>				
Non-interest bearing liabilities		\$ 948,561	\$ -	\$ -
Lease liabilities	1.10	5,013	20,052	10,026
<u>Floating interest rate liabilities</u>	1.69	100,019	-	-
<u>Fixed interest rate liabilities</u>	1.68	726,708	-	-
		<u>\$ 1,780,301</u>	<u>\$ 20,052</u>	<u>\$ 10,026</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>
Lease liabilities	<u>\$ 5,013</u>	<u>\$ 20,052</u>	<u>\$ 10,026</u>

September 30, 2023

	Weighted average interest rate (%)	On demand or less than 1 year	1-5 years	More than 5 years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	-	\$ 1,248,702	\$ -	\$ -
Lease liabilities	1.10	5,013	20,052	11,279
Floating interest rate liabilities	1.69	50,012	-	-
Fixed interest rate liabilities	1.66	<u>300,396</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,604,123</u>	<u>\$ 20,052</u>	<u>\$ 11,279</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>
Lease liabilities	<u>\$ 5,013</u>	<u>\$ 20,052</u>	<u>\$ 11,279</u>

b) **Financing facilities**

The Group relies on bank loans as a significant source of liquidity. As of the balance sheet date, the unused loan amounts of banks of the Group were as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Bank loan facilities			
— Amount unused	<u>\$ 3,314,078</u>	<u>\$ 4,886,618</u>	<u>\$ 5,529,078</u>

29. RELATED PARTY TRANSACTIONS

The Company's ultimate parent is USI Corporation, which held 36.79% of the ordinary shares of the Company as of September 30, 2024, and September 30, December 31, 2023.

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

a. Name of the related party and their relationship

Name of the related party	Relationship with the Group
USI Corporation (“USI”)	Ultimate parent company
China General Plastics Corporation (“CGPC”)	Associate
China General Plastics (ZhongShan) Co., Ltd.	Associate
CGPC Polymer Corporation	Associate
Taiwan VCM Corporation (TVCM)	Associate
Global Green Technology Corporation	Associate
China General Terminal & Distribution Corporation (CGTD)	Associate
Asia Polymer Corporation (APC)	Fellow company
USI Trading (Shanghai) Co., Ltd.	Fellow company
Swanson Plastics Corporation	Fellow company
Swanson Plastics (Kunshan) Co., Ltd.	Fellow company
USI Management Consulting Corp. (UM)	Fellow company
Delmind Inc.	Related party in substance

b. Sales of goods

Related party category/name	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Ultimate parent company	\$ <u>6,756</u>	\$ <u>-</u>	\$ <u>12,045</u>	\$ <u>7,947</u>

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

c. Purchase

Related party category/name	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Fellow company	\$ 100	\$ 98	\$ 301	\$ 274
Associate	-	968	2,562	1,914
Ultimate parent company	-	-	-	1,703
	\$ <u>100</u>	\$ <u>1,066</u>	\$ <u>2,863</u>	\$ <u>3,891</u>

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

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

Related party category/name	September 30, 2024	December 31, 2023	September 30, 2023
Ultimate parent company	\$ <u>-</u>	\$ <u>4,200</u>	\$ <u>-</u>

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	September 30, 2024	December 31, 2023	September 30, 2023
Fellow company	\$ 53	\$ 49	\$ 52
Associate	-	-	406
	<u>\$ 53</u>	<u>\$ 49</u>	<u>\$ 458</u>

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

f. Other transactions with related parties

1) Rental income (classified as other income, Notes 16 and 24)

Related party category/name	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Associate				
CGTD	\$ 4,487	\$ 4,648	\$ 13,463	\$ 14,104
TVCM	<u>1,824</u>	<u>1,824</u>	<u>5,471</u>	<u>5,471</u>
	6,311	6,472	18,934	19,575
Fellow company	<u>67</u>	<u>130</u>	<u>200</u>	<u>196</u>
	<u>\$ 6,378</u>	<u>\$ 6,602</u>	<u>\$ 19,134</u>	<u>\$ 19,771</u>

2) Rental expenses (classified as cost of goods sold, selling and marketing expenses and general and administrative expenses)

Related party category/name	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Ultimate parent company				
USI	\$ 1,222	\$ 1,271	\$ 3,680	\$ 3,793
Fellow company				
Asia Polymer Corp.	611	494	1,922	1,312
Associate	<u>368</u>	<u>360</u>	<u>1,097</u>	<u>1,079</u>
	<u>\$ 2,201</u>	<u>\$ 2,125</u>	<u>\$ 6,699</u>	<u>\$ 6,184</u>

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

3) Lease arrangements

Related party category/name	September 30, 2024	December 31, 2023	September 30, 2023
<u>Lease liabilities - current</u>			
Fellow company			
Asia Polymer Corp.	<u>\$ 4,704</u>	<u>\$ 4,665</u>	<u>\$ 4,652</u>
<u>Lease liabilities - non-current</u>			

Fellow company				
Asia Polymer Corp.	\$ 25,562	\$ 29,094	\$ 30,266	
	July 1 to	July 1 to	January 1 to	January 1 to
Related party	September 30,	September 30,	September 30,	September 30,
category/name	2024	2023	2024	2023
<u>Total lease expenses</u>				
Fellow company				
Asia Polymer Corp.	\$ 1,254	\$ 1,253	\$ 3,760	\$ 3,760
<u>Interest expense</u>				
Fellow company				
Asia Polymer Corp.	\$ 85	\$ 98	\$ 266	\$ 304

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

4) Storage tank operating expenses (classified as cost of goods sold)

	July 1 to	July 1 to	January 1 to	January 1 to
Related party	September 30,	September 30,	September 30,	September 30,
category/name	2024	2023	2024	2023
Associate				
CGTD	\$ 2,449	\$ 2,555	\$ 7,115	\$ 9,210

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 revenue)

	July 1 to	July 1 to	January 1 to	January 1 to
Related party	September 30,	September 30,	September 30,	September 30,
category/name	2024	2023	2024	2023
Ultimate parent				
company				
USI	\$ -	\$ 1,364	\$ 1,048	\$ 3,411

6) Management service expenses (classified as administrative expenses)

	July 1 to	July 1 to	January 1 to	January 1 to
Related party	September 30,	September 30,	September 30,	September 30,
category/name	2024	2023	2024	2023
Fellow company				
UM	\$ 18,404	\$ 19,215	\$ 56,615	\$ 55,353
Ultimate parent				
company				
USI	1,196	-	1,668	-
	\$ 19,600	\$ 19,215	\$ 58,283	\$ 55,353

The management service expenses paid to UM 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) Other expenses (accounted as cost of goods sold and administrative expenses)

Related party category/name	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Fellow company	\$ 2,027	\$ -	\$ 2,027	\$ -
Associate	317	334	759	1,433
	<u>\$ 2,344</u>	<u>\$ 334</u>	<u>\$ 2,786</u>	<u>\$ 1,433</u>

8) Acquisition of property, plant and equipment

Related party category/name	The proceeds			
	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Ultimate parent company	\$ -	\$ 750	\$ -	\$ 2,270
Related party in substance	-	-	480	-
	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 480</u>	<u>\$ 2,270</u>

9) Commission expense

Related party category/name	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Fellow company	<u>\$ -</u>	<u>\$ 208</u>	<u>\$ -</u>	<u>\$ 255</u>

10) Other receivables

Related party category/name	September 30, 2024	December 31, 2023	September 30, 2023
Associate	\$ 81	\$ 3,176	\$ 3,186
Fellow company	77	171	76
Ultimate parent company	-	1,585	1,432
	<u>\$ 158</u>	<u>\$ 4,932</u>	<u>\$ 4,694</u>

The aforementioned other receivables mainly include overheads receivable, management service expenses, and office rental.

11) Other payables

Related party category/name	September 30, 2024	December 31, 2023	September 30, 2023
Associate	\$ 3,810	\$ 2,721	\$ 2,542
Fellow company	2,977	939	846
Ultimate parent company	2,241	779	1,821
	<u>\$ 9,028</u>	<u>\$ 4,439</u>	<u>\$ 5,209</u>

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

g. Compensation of key management personnel

Remuneration to directors and the key management personnel was as follows:

	July 1 to September 30, 2024	July 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Salaries and others	\$ 2,892	\$ 3,445	\$ 8,939	\$ 11,443
Retirement benefits	-	54	36	162
	<u>\$ 2,892</u>	<u>\$ 3,499</u>	<u>\$ 8,975</u>	<u>\$ 11,605</u>

The compensation 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 of the Group have been provided as collateral for the issuance of bills of exchange, letters of credit, procurement of fuel, customs clearance operations and borrowings (Notes 9, 14, 15 and 17):

	September 30, 2024	December 31, 2023	September 30, 2023
Pledged certificates of deposit			
— Classified as financial assets at amortized cost - current	\$ 3,000	\$ 3,000	\$ 3,000
— Classified as other non-current assets	16,940	16,940	16,734
Property, plant and equipment, net	-	-	14,672
Land use rights			
— Classified as right-of-use assets	-	-	19,875
	<u>\$ 19,940</u>	<u>\$ 19,940</u>	<u>\$ 54,281</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

In addition to those disclosed in other notes, significant contingent liability and unrecognized contractual commitments of the Group were as follows:

- As of September 30, 2024, December 31, 2023, and September 30, 2023, the Group had outstanding but unused letters of credit amounting to NT\$175,558 thousand, NT\$120,000 thousand, and NT\$88,121 thousand, respectively.
- On the gas explosion in Kaohsiung:

Regarding the gas explosion of the propylene pipeline of Lee Chang Yung Chemical Industry Corporation (“Lee Chang Yung Chemical”) on the night of July 31, 2014

operated by the invested company by the equity method, China General Terminal & Distribution Corporation (“CGTD”), the criminal case of the gas explosion incident was dismissed by the Supreme Court on September 15, 2021 and all three employees of CGTD were acquitted.

On February 12, 2015, CGTD entered into an agreement with the Kaohsiung City Government to provide the Kaohsiung City Government with a pledge right set of a bank deposit certificate of NT\$233,095 thousand (including interests) as the guarantee for the loss caused by the gas explosion. Kaohsiung City Government has also filed civil lawsuits against LCY, CGTD and CPC Corporation. Taiwan Power Company applied for provisional attachment against CGTD’s property on August 27 and November 26, 2015. CGTD had deposited cash of NT\$99,207 thousand to the court to avoid provisional attachment. Taiwan Water Corporation also applied for provisional attachment against CGTD’s property on February 3 and March 2, 2017. As of October 29, 2024, the provisionally attached bank balance of CGTD was worth NT\$6,401 thousand.

For the victims of the gas explosion, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement for severe injuries on July 17, 2015 agreeing to negotiate the compensation first with the 32 severely injured victims, agreeing to negotiate compensation in advance for all the heirs and claimants of the 32 victims (hereinafter referred to as the families of the victims), paying the families of the victims NT\$12,000 thousand for each victim, with a total settlement of NT\$384,000 thousand. LCY paid the compensation first and also represented the three parties in the settlement negotiation and the signing of settlement agreements with the family of the deceased. In addition, according to the tripartite agreement, CGTD has paid NT\$157,347 thousand to LCY on August 10, 2022 according to the proportion of fault liability, 30%, in the first-instance judgments of this case. Follow-up still awaits the determination of the civil lawsuit, and then make up for it according to the determined liability proportion.

For the severely injured, CGTD, LCY and the Kaohsiung City Government signed a tripartite agreement for severe injuries on October 25, 2017 agreeing to negotiate the compensation first with the 65 severely injured victims. The compensation was paid by CGTD and the Kaohsiung City Government, and CGTD was in charge of negotiating the compensation with the seriously injured victims’ families and signing the settlement agreement on behalf of the three parties with the 64 seriously injured victims’ families.

As of October 29, 2024, the victims and victims' families had written letters or filed civil lawsuits (including criminal lawsuits) against LCY, CGTD, and CPC for compensation claims. To reduce the lawsuit costs, CGTD came to a compromise and reduced the original claim of NT\$46,677 thousand and settled for a compensation amount of NT\$4,519 thousand instead. Along with the case still under litigation and the above-mentioned compensation, the accumulated amount of compensation is NT\$3,831,211 thousand. The first-instance judgments of some of the above-mentioned civil cases (with a total amount of compensation of approximately NT\$1,467,830 thousand) have been gradually announced, starting from June 22, 2018. The proportion of fault liability of the Kaohsiung City Government, LCY and CGTD is 4 : 3 : 3 in most judgments. The total amount of compensation that CGTD, LCY and the other defendants should pay is around NT\$401,979 thousand. (In particular, CGTD was exempted from paying NT\$6,194 thousand according to the court's judgment.)

The civil cases that have been adjudicated in the first instance and not settled, CGTD has filed an appeal for the second instance, and the judgments have been announced successively since July 10, 2024. As of October 29, 2024, there have been a total of 9 cases in the Kaohsiung City Government's claims cases that have been adjudicated in the second instance (with a claim amount of approximately NT\$1,137,677 thousand). Among them, 8 cases have determined that CGTD should bear joint and several liabilities with LCY at a fault responsibility ratio of 10% (5 cases) or 20% (3 cases). The total amount of compensation that CGTD should bear jointly with LCY is NT\$79,726 thousand. In addition, 1 case has determined that CGTD should bear the fault responsibility ratio of 10% alone, and the amount of compensation that CGTD should pay alone is NT\$297 thousand. In addition, in the cases of Taiwan Power Company's claims (claim amount of NT\$265,822 thousand) and the National Health Insurance Administration's claims (claim amount of NT\$35,688 thousand) that have been adjudicated in the second instance, it has been determined that CGTD should bear joint and several liabilities with LCY for a compensation amount of NT\$108,835 thousand. The aforementioned second-instance cases have been adjudicated, and except for those that are not eligible for appeal to the third instance, CGTD has filed appeals to the third instance for all other cases. The remaining cases are still under review in the first-instance court (with a requested compensation amount of approximately NT\$1,860,557 thousand).

According to the relevant judgments on the liability proportion of this explosion accident, it is estimated the settlement amount of victims and seriously injured, the compensation amount of civil litigation cases (including the settled cases), and estimated amount to be borne by itself after deducting the upper limit of insurance claim was NT\$136,375 thousand, which had been included into the account. However, the actual amount of such settlement and compensation shall not be confirmed until the proportion of liability to be shared by CGTD is determined in accordance with the civil action.

32. **OTHER MATTERS**

On February 15, 2023, the President announced the amendment of the “Climate Change Response Act”, which added provisions for the collection of carbon fees. Subsequently, on August 29, 2024, the Ministry of Environment announced the “Carbon Fee Collection Method”, “Voluntary Reduction Plan Management Method”, and “Designated Targets for Greenhouse Gas Reduction for Carbon Fee Collection Subjects”. The carbon fee rates were announced on October 21, 2024, and will be effective from January 1, 2025. Based on the emission assessment for 2023, the Group will be subject to carbon tax collection. Therefore, relevant liability provisions will be estimated in accordance with the above-mentioned method starting from 2025.

33. **SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The following represents the aggregated values of foreign currencies other than the functional currencies of the Group entities, and the disclosed exchange rates refer to the rates at which these foreign currencies were translated into their respective functional currencies. Significant financial assets and liabilities denominated in foreign currencies were as follows:

September 30, 2024

	Foreign currency	Exchange rate (in single dollars)	Functional currency	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 66,246	31.6500 (USD: NTD)	\$ 2,096,679	\$ 2,096,679
AUD	1,089	21.9300 (AUD: NTD)	23,877	23,877
EUR	269	35.3800 (EUR: NTD)	9,501	9,501
HKD	1,134	4.0750 (HKD: NTD)	4,622	4,622
RMB	886	4.5167 (RMB: NTD)	4,000	4,000
RMB	288	0.1427 (RMB: USD)	41	1,300
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	21,948	31.6500 (USD: NTD)	694,660	694,660
USD	9,128	7.0074 (USD: RMB)	63,965	288,910

December 31, 2023

	Foreign currency	Exchange rate (in single dollars)	Functional currency	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 51,835	30.7050 (USD: NTD)	\$ 1,591,587	\$ 1,591,587
AUD	666	20.9800 (AUD: NTD)	13,964	13,964
RMB	583	4.3352 (CNY: NTD)	2,529	2,529
HKD	585	3.9290 (HKD: NTD)	2,299	2,299
RMB	288	0.1412 (RMB:USD)	41	1,248
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	18,287	30.7050 (USD: NTD)	561,489	561,489
USD	9,128	7.0827 (USD: RMB)	64,652	280,280

September 30, 2023

	Foreign currency	Exchange rate (in single dollars)	Functional currency	NT\$
<u>Foreign currency assets</u>				
<u>Monetary items</u>				
USD	\$ 56,236	32.2700 (USD: NTD)	\$ 1,814,724	\$ 1,814,724
AUD	400	20.5500 (AUD: NTD)	8,216	8,216
EUR	169	33.9100 (EUR: NTD)	5,730	5,730
HKD	697	4.1230 (HKD: NTD)	2,875	2,875
RMB	288	0.1393 (RMB: USD)	40	1,293
<u>Foreign currency liabilities</u>				
<u>Monetary items</u>				
USD	22,696	32.2700 (USD: NTD)	732,397	732,397
USD	9,178	7.1798 (USD: RMB)	65,898	296,183
Japanese Yen	5,360	0.2162 (Japanese Yen: NTD)	1,159	1,159

The Group's net foreign exchange gains and losses (including realized and unrealized) for the periods from July 1 to September 30, 2024, and 2023, and from January 1 to September 30, 2024, and 2023, amounted to NT\$30,389 thousand of net loss, NT\$49,318 thousand of net gain, NT\$49,502 thousand of net gain, and NT\$62,909 thousand of net gain, respectively. Due to the wide variety of foreign currency transactions, it is not possible to disclose exchange gains and losses by each significantly affected foreign currency.

34. SUPPLEMENTARY DISCLOSURES

a. Information about significant transactions:

- 1) Financing provided to others. (None)
- 2) Endorsements/guarantees provided. (Table 1)
- 3) Marketable securities held at the end of the period (excluding investments in subsidiaries and associates). (Table 2)

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
 - 9) Trading in derivative instruments. (None)
 - 10) Others: The business relationships and significant transactions and amounts between parent and subsidiaries and between subsidiaries. (Table 6)
- b. Information about investees. (Table 4)
- c. Information on investments in mainland China:
- 1) Information on the investee company in mainland China, including the company names, major business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in mainland China. (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 during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds. (None)
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)
- d. Information on major shareholders: Name, number of shares held, and shareholding percentage of shareholders with shareholding percentage exceeding 5%. (Table 7)

35. DEPARTMENT INFORMATION

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

Segment revenue and results

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

	Segment revenue		Segment loss	
	January 1 to September 30, 2024	January 1 to September 30, 2023	January 1 to September 30, 2024	January 1 to September 30, 2023
Plastic raw materials	\$ 13,503,765	\$ 10,753,375	(\$ 400,976)	(\$ 401,887)
Glasswool products (including cubic printing products)	<u>415,896</u>	<u>390,088</u>	<u>46,521</u>	<u>42,742</u>
Total amount from continuing operations	<u>\$ 13,919,661</u>	<u>\$ 11,143,463</u>	(354,455)	(359,145)
Interest income			33,648	33,280
Other income			32,768	82,126
Other gains and losses			44,845	59,399
Share of profit or loss of associates accounted for using the equity method			(5,654)	(9,006)
Finance costs			(<u>28,131</u>)	(<u>9,677</u>)
Net loss before tax from continuing operations			(\$ <u>276,979</u>)	(\$ <u>203,023</u>)

The revenue reported above is generated from the transactions with external clients. There were no transactions between the segments in the nine months ended September 30, 2024 and 2023.

The interests (losses) of the segments refer to the profits earned by the segments, excluding interest income, other income, other gains and losses, finance costs, the shares of profits and losses of the associates under the equity method, etc. This was the measure reported to the

chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Since the Group's individual segment assets were not included in the segment information provided chief operating decision-maker, the measured amount of operating segment assets was not disclosed herein.

TABLE 1

Taita Chemical Co., Ltd. and Subsidiaries

Endorsements/Guarantees Provided
January 1 to September 30, 2024
In Thousands of New Taiwan Dollars, Unless Stated Otherwise

No.	Endorsement and guarantee company name	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 made by subsidiaries for parent	Endorsement/ guarantee made for companies in mainland China
		Company name	Relationship										
0	Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	Subsidiaries that the Company holds 100% of common equity directly	\$ 6,333,229	\$ 94,950 (USD 3,000 thousand)	\$ 94,950 (USD 3,000 thousand)	\$ -	\$ -	1.50%	\$ 9,499,844	Yes	No	No
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	Subsidiaries that the Company's subsidiaries hold 100% of common equity directly	6,333,229	225,835 (RMB 50,000 thousand)	- (RMB -thousand)	-	-	-	9,499,844	Yes	No	Yes

Note 1: The calculation was based on the spot exchange rate of September 30, 2024.

Note 2: The total amount of guarantee that may be provided by the Company shall not exceed 150% of the Company’s net worth stated on the latest financial statements; the total amount of guarantee provided by the Company to any single entity shall not exceed 100% of the Company’s net worth stated on the latest financial statements.

The total of guarantee that may be provided by the Company and the subsidiaries shall not exceed 200% of the Company’s net worth stated on the latest financial statements; the total amount of guarantee provided Latest Financial Statements and its subsidiaries to any individual entity shall not exceed 150% of the Company’s net worth stated on the latest financial statements.

TABLE 2

Taita Chemical Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period
September 30, 2024
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 the period				Note
				Number of shares/units	Carrying amount	Percentage of ownership	Fair value	
Taita Chemical Co., Ltd.	<u>Shares</u> USI Corporation	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	15,109,901	\$ 244,025	1.27%	\$ 244,025	Note 1
	Harbinger Venture Capital Corp.	—	“	990	6	0.50%	6	Note 2
	Taiwan Cement Corporation	—	Financial assets at FVTPL - current	2,000,000	67,600	0.03%	67,600	Note 1
	Cathay Financial Holdings	—	“	356,000	23,674	-	23,674	Note 1
	<u>Fund beneficiary certificates</u> Yuanta U.S. Government 20+ Year Bond Fund	—	Financial assets at FVTPL - current	580,000	17,847	-	17,847	Note 1
	<u>Beneficiary securities</u> Cathay No. 1 Real Estate Investment Trust	—	Financial assets at FVTPL - current	3,963,000	63,566	-	63,566	Note 1
TAITA (BVI) Holding Co., Ltd.	<u>Shares</u> Budworth Investment Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	20,219	(US - thousand)	2.22%	(US - thousand)	Note 3
	Teratech Corporation	—	Financial assets at FVTPL - non-current	112,000	-	0.74%	-	Note 3
	Sohoware Inc. - Preferred Shares	—	“	100,000	-	-	-	Note 3

Note 1: The fair value was based on the Taiwan Stock Exchange and Taipei Exchange closing price on the last trading day of September 2024.

Note 2: The fair value is evaluated by the asset method, and is determined by referring to the most recent net worth of the investee company and its observable financial and operating status.

Note 3: As of September 30, 2024, the fair value of equity investment was evaluated by the Group as 0.

TABLE 3

Taita Chemical Co., Ltd. and Subsidiaries

Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
September 30, 2024
In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Company name	Counterparty	Relationship	Financial statement account and ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 2)	Allowance for impairment loss
					Amount	Actions taken		
Taita Chemical Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	Subsidiary	Other receivables \$288,907 (USD 9,128 thousand) (Notes 1 and 3)	-	\$ 288,907	Continuous collection	\$ -	\$ -

Note 1: The other receivables of Taita Chemical Co., Ltd. are from selling raw materials to Taita Chemical (Tianjin) Co., Ltd., and transferred to other receivables since it had exceeded the normal credit term by a certain period.

Note 2: The amount received as of November 6, 2024.

Note 3: All the transactions were written off when preparing the consolidated financial statements.

TABLE 4

Taita Chemical Co., Ltd. and Subsidiaries

Information on Investees
January 1 to September 30, 2024
In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investor company	Investee company	Location	Main businesses and products	Original investment amount		End-of-period holdings			Net income (loss) of investee	Share of profit (loss)	Note
				Ending balance of the current period	Ending balance of the previous period	Number of shares	Percentage	Carrying amount			
Taita Chemical Co., Ltd.	TAITA (BVI) Holding Co., Ltd.	British Virgin Islands	Reinvestment	\$ 2,840,208 (USD 89,738 thousand)	\$ 2,840,208 (USD 89,738 thousand)	89,738,000	100%	\$ 3,220,425 (USD 101,751 thousand)	\$ 52,563 (Gain USD 1,621 thousand)	\$ 52,563 (Gain USD 1,621 thousand)	Subsidiary (Notes 1 and 3)
	China General Plastics Corporation	Taipei City	Production and marketing of PVC tape and other plastic products	65,365	65,365	11,516,174	1.98%	179,086	(348,757)	(6,913)	Investee accounted for using the equity method (Note 1)
	China General Terminal & Distribution Corporation	Kaohsiung City	Warehousing of petrochemical raw materials	41,082	41,082	25,053,468	33.33%	319,414	(7,123)	(2,374)	Investee accounted for using the equity method (Note 2)
	Acme Electronics Corporation	Taipei City	Production and sales of manganese-zinc soft ferrite powder	55,702	55,702	4,991,556	2.34%	48,377	188,118	4,409	Investee accounted for using the equity method (Note 1)
TAITA (BVI) Holding Co., Ltd.	ACME Electronics (Cayman) Corp.	British Cayman Islands	Reinvestment	62,195 (USD 1,965 thousand)	53,806 (USD 1,700 thousand)	2,960,656	4.42%	75,729 (USD 2,393 thousand)	(17,569) (Loss USD 549 thousand)	-	Investee accounted for using the equity method (Note 1)

Note 1: The calculation is based on the financial statements of the investee company during the same period which have been reviewed by CPAs.

Note 2: The calculation is based on the financial statements of the investee company during the same period which have not been reviewed by CPAs.

Note 3: All the transactions were written off when preparing the consolidated financial statements.

Note 4: Please refer to Table 5 for relevant information of mainland investee companies.

TABLE 5

Taita Chemical Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

January 1 to September 30, 2024

In Thousands of New Taiwan Dollars, Unless Stated Otherwise

Investee company in mainland China	Main businesses and products	Paid-in capital	Method of investment	Accumulated outward remittance for investment from Taiwan as of the beginning of the period	Investment flows for the period		Accumulated outward remittance for investment from Taiwan as of the end of period	Net income (loss) of investee (Note 6)	Ownership of direct or indirect investment	Investment gain (loss) (Note 6)	Carrying amount as of the end of period (Note 6)	Accumulated repatriation of investment income as of the end of period
					Outflow	Inflow						
Taita Chemical (Zhongshan) Co., Ltd. (“TAITA (ZS)”)	Production and marketing of polystyrene derivatives	\$ 1,463,813 (USD 46,250 thousand) (Note 1)	Reinvest in the mainland companies by establishing a company through investment in the third region	\$ 1,360,950 (USD 43,000 thousand)	\$ -	\$ -	\$ 1,360,950 (USD 43,000 thousand)	\$ 60,068 (Gain USD 1,856 thousand)	100%	\$ 60,068 (Gain USD 1,856 thousand) (Note 7)	\$ 1,883,005 (USD 59,495 thousand) (Note 7)	\$ -
Taita Chemical (Tianjin) Co., Ltd. (“TTC (TJ)”) (Note 8)	Production and marketing of polystyrene derivatives	865,628 (USD 27,350 thousand) (Note 2)	Reinvest in the mainland companies by establishing a company through investment in the third region	822,900 (USD 26,000 thousand)	-	-	822,900 (USD 26,000 thousand)	(15,335) (Loss USD 479 thousand)	100%	(15,335) (Loss USD 479 thousand) (Note 7)	(190,935) (USD 6,033 thousand) (Note 7)	-
Zhangzhou Taita Chemical Company, Limited (TTCZZ)	Production and marketing of polystyrene derivatives	1,537,543 (USD 48,580 thousand) (Note 3)	Reinvest in the mainland companies by establishing a company through investment in the third region	-	-	-	-	8,179 (Gain USD 255 thousand)	100%	8,179 (Gain USD 255 thousand) (Note 7)	1,424,696 (USD 45,014 thousand) (Note 7)	-
Acme Electronics (Kunshan) Co., Ltd. (“ACME (KS)”)	Manufacturing and marketing of manganese-zinc soft ferrite core	972,446 (USD 30,725 thousand)	Reinvest in a mainland company by reinvesting in the existing company in the third region, ACME Electronics (Cayman) Corp.	42,855 (USD 1,354 thousand)	-	-	42,855 (USD 1,354 thousand)	(28,355) (Loss USD 890 thousand)	4.42%	(1,252) (Loss USD 39 thousand)	29,944 (USD 946 thousand)	-

Accumulated outward remittance of investment to mainland China from Taiwan at 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
NT\$2,226,705 (USD 70,354 thousand dollars)	NT\$3,982,118 (USD 125,817 thousand) (Note 4)	\$ - (Note 5)

Note 1: Taita Zhongshan increased capital from surplus of US\$3,250 thousand in 2007.

Note 2: Taita Tianjin increased capital from surplus of US\$1,350 thousand in 2012.

Note 3: ZTC has registered for establishment in 2021, and TAITA (BVI) injected capital of ZTC amounted to US\$48,580 thousand on March 8, 2022.

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

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

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

Note 7: All the transactions were written off when preparing the consolidated financial statements.

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

TABLE 6

Taita Chemical Co., Ltd. and Subsidiaries

Intercompany relationships and significant intercompany transactions
January 1 to September 30, 2024
(In Thousands of New Taiwan Dollars)

No.	Trading company	Counterparty	Relationships with trader	Transactions details			
				Financial statement account	Amount (Note 2)	Transaction details	Ratio to the total consolidated operating revenue or total asset (Note 1)
0	Taita Chemical Co., Ltd.	Taita Chemical (Zhongshan) Co., Ltd.	The parent company to its subsidiary	Sales revenue	\$ 588	No significant difference with non-related parties	-
		Taita Chemical (Tianjin) Co., Ltd.	The parent company to its subsidiary	Other receivables from related parties	288,907	No significant difference with non-related parties	2.93%
1	TAITA (BVI) Holding Co., Ltd.	Taita Chemical (Tianjin) Co., Ltd.	The parent company to its subsidiary	Other payables from related parties	4,748	No significant difference with non-related parties	0.05%

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

Note 2: All the transactions were written off when preparing the consolidated financial statements.

TABLE 7**Taita Chemical Co., Ltd.****Information on substantial shareholders
September 30, 2024**

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

Note: The table discloses shareholding information of shareholders whose shareholding percentage is more than 5%. The share capital reported in the Company's consolidated financial statements and the actual number shares that have completed the dematerialized registration and delivery may be different due to the difference in the basis of calculation.