Stock Code:4772

Taiwan Speciality Chemicals Corporation

Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

Address: No.1, Zhangbin W. 3rd Rd., Xianxi Township, Changhua County 507, Taiwan (R.O.C)

Telephone: (04)7911072

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Taiwan Speciality Chemicals Corporation:

Opinion

We have audited the financial statements of Taiwan Speciality Chemicals Corporation ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this audit report are as follows:

Revenue recognition

Please refer to note 4(12) for accounting policy and note 6(16) "Revenue from contracts with customers" of the financial statements for further information.

Description of key audit matter:

The Company's major revenues are the sales of Precision Chemical materials. Revenue recognition is also dependent on whether the specified sales terms in each individual contract are met. Base on different contracts to assess whether the timing of revenue recognition was depending on the trade term agreed with the customer is complicated, revenue recognition is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain key audit procedures that included understanding of revenue recognition policies and assessing whether revenue recognition policies are appropriate based on sales terms and revenue recognition criteria; understanding the design and process of implementation of internal controls and testing operating effectiveness; testing sales cut-off, on a sample basis, for transactions incurred within a certain period before or after the balance sheet date by reviewing related sales terms, inspecting delivery documents, and other related supporting document to evaluate whether the revenue was recorded in the proper period.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
Febuary 20, 2023

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

Taiwan Speciality Chemicals Corporation

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 114,600	7	57,784	4
1170	Notes and accounts receivable, net (note 6(2))	71,716	4	71,118	4
1210	Other receivable－related parties (note 7)	138	-	450	-
130X	Inventories (note 6(3))	165,963	9	134,747	8
1479	Other current assets (note 6(7))	2,761	-	2,338	-
		355,178	20	266,437	16
	Non-current assets:				
1600	Property, plant and equipment (notes 6(4) and 8)	1,419,447	79	1,426,310	84
1755	Right-of-use assets (note 6(5))	299	-	684	-
1780	Intangible assets (note 6(6))	981	-	148	-
1840	Deferred tax assets (note 6(13))	20,504	1	-	-
1990	Other non-current assets (note 6(7))	4,419	-	3,037	-
		1,445,650	80	1,430,179	84
	Total assets	**$ 1,800,828**	**100**	**1,696,616**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2170	Accounts payable	13,775	1	10,903	1
2201	Payroll and bonus payable	19,443	1	13,934	1
2220	Other payable－related parties (note 7)	276	-	113	-
2300	Other current liabilities (notes 6(10) and (11))	72,038	4	34,210	2
		105,532	6	59,160	4
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(9))	-	-	60,000	3
2600	Other non-current liabilities (notes 6(10) and (11))	366	-	646	-
		366	-	60,646	3
	Total liabilities	105,898	6	119,806	7
	Equity (note 6(14)):				
3110	Ordinary shares	1,382,366	77	1,382,366	81
3350	Retained earnings	312,564	17	194,444	12
	Total equity	1,694,930	94	1,576,810	93
	Total liabilities and equity	**$ 1,800,828**	**100**	**1,696,616**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Taiwan Speciality Chemicals Corporation

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings PerShare)

		2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue (note 6(16))	$ 532,279	100	515,666	100
5000	Operating costs (notes 6(3), (4) and (12))	268,412	50	254,500	49
	Gross profit from operations	263,867	50	261,166	51
	Operating expenses (notes 6(4), (5), (6), (11), (12) and 7)**:**				
6100	Selling expenses	14,069	3	10,818	2
6200	Administrative expenses	42,965	8	36,171	7
6300	Research and development expenses	26,185	5	18,865	4
		83,219	16	65,854	13
	Net operating income	180,648	34	195,312	38
	Non-operating income and expenses:				
7100	Interest income (note 6(18))	550	-	9	-
7010	Other income (notes 6(18) and 7)	8,097	1	2,340	-
7020	Other gains and losses (notes 6(4) and (18))	(1,695)	-	(868)	-
7050	Finance costs (notes 6(11) and (18))	(130)	-	(2,348)	-
		6,822	1	(867)	-
	Income before income tax	187,470	35	194,445	38
7950	Less: Income tax expenses (note 6(13))	(20,504)	(4)	-	-
	Net income	207,974	39	194,445	38
8300	**Other comprehensive income**	-	-	-	-
8500	**Total comprehensive income**	**$ 207,974**	**39**	**194,445**	**38**
	Earnings per share (NT dollars) (note 6(15))				
9750	Basic earnings per share	**$**	**1.50**		**1.41**
9850	Diluted earnings per share	**$**	**1.50**		**1.40**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Taiwan Speciality Chemicals Corporation

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

		Retained earnings			
	Ordinary shares	Legal reserve	Unappropriated retained earnings	Total retained earnings	Total equity
Balance at January 1, 2021	$ 2,909,675	-	(1,527,310)	(1,527,310)	1,382,365
Net income for the year	-	-	194,445	194,445	194,445
Other comprehensive income for the year	-	-	-	-	-
Comprehensive income for the year	-	-	194,445	194,445	194,445
Capital reduction for cover accumulated	(1,527,309)	-	1,527,309	1,527,309	-
Balance at December 31, 2021	1,382,366	-	194,444	194,444	1,576,810
Net income for the year	-	-	207,974	207,974	207,974
Other comprehensive income for the year	-	-	-	-	-
Comprehensive income for the year	-	-	207,974	207,974	207,974
Appropriation and distribution of retained earnings:					
Legal reserve	-	19,445	(19,445)	-	-
Cash dividends of ordinary shares	-	-	(89,854)	(89,854)	(89,854)
Balance at December 31, 2022	**$ 1,382,366**	**19,445**	**293,119**	**312,564**	**1,694,930**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

Taiwan Speciality Chemicals Corporation

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Income before income tax	$ 187,470	194,445
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	143,980	132,608
Amortization expenses	106	104
Interest expenses	130	2,348
Interest income	(550)	(9)
Loss (gain) on disposal of property, plant and equipment	2,740	(268)
Recognition (reversal) of write-down of inventory	(60)	(5,030)
Recognition of impairment losses on non-financial assets	(9,856)	-
Total adjustments	136,490	129,753
Changes in operating assets and liabilities:		
Notes and accounts receivable	(598)	22,102
Other receivable－related parties	312	(450)
Inventories	(31,156)	(15,152)
Other operating assets	(424)	4,572
Accounts payable	2,872	6,281
Other payable－related parties	163	(3)
Other current liabilities	5,487	5,365
Total changes in operating assets and liabilities	(23,344)	22,715
Total adjustments	113,146	152,468
Cash inflow generated from operations	300,616	346,913
Interest received	550	9
Interest paid	(130)	(2,366)
Net cash flows generated from operating activities	301,036	344,556
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(94,742)	(42,222)
Proceeds from disposal of property, plant and equipment	1,098	483
Increase in refundable deposits	(239)	(525)
Acquisition of intangible assets	-	(91)
Net cash flows used in investing activities	(93,883)	(42,355)
Cash flows from financing activities:		
Repayments of long-term borrowings	(60,000)	(270,000)
Guarantee deposits received(refunded)	(90)	255
Cash dividends paid	(89,854)	-
Repayment of the principal portion of lease liabilities	(393)	(422)
Net cash flows from (used in) financing activities	(150,337)	(270,167)
Net increase (decrease) in cash and cash equivalents	56,816	32,034
Cash and cash equivalents at beginning of period	57,784	25,750
Cash and cash equivalents at end of period	**$ 114,600**	**57,784**

See accompanying notes to financial statements.

TAIWAN SPECIALITY CHEMICALS CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

Taiwan Speciality Chemicals Corporation (the "Company") in No.1, Zhangbin W. 3rd Rd., Xianxi Township, Changhua County 507, as a company limited by shares under the Company Act of the Republic of China (ROC) at March 27, 2013. The major business activities the sale and produce of Precision Chemical materials.

2. Approval date and procedures of the financial statements:

These financial statements were authorized for issuance by the Board of Directors on Febuary 20, 2023.

3. New standards, amendments and interpretations adopted:

(1) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(2) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(3) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "
- IFRS16 "Requirements for Sale and Leaseback Transactions"

4. Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

(1) Statement of compliance

The financial statements have been prepared in accordance with the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as the Regulations).

(2) Basis of preparation

A. Basis of measurement

The statements have been prepared on a historical cost basis.

B. Functional and presentation currency

The Company's functional currency is the currency of the main economic environment in which it operates. The financial statements is presented in the Company' s functional currency, New Taiwan Dollar. Except for those specifically indicated, All financial information presented in NT dollars is expressed in NT$ thousand.

(3) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current:

A. It is expected to be realized, or intends to be sold or consumed, in the normal operating cycle;

B. It is held primarily for the purpose of trading;

C. It is due to be settled within twelve months after the reporting period; or

D. The asset is Cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

A. It is expected to settle in its normal operating cycle; or

B. It is held primarily for the purpose of trading; or

C. It is due to be settled within twelve months after the reporting date; or

D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of te counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash comprises cash and cash in bank. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost, Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows；and.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Assess whether the contractual cash flow is entirely for the payment of the principal and interest on the outstanding principal amount

For the purpose of assessment, the principal is the fair value of the financial assets at the time of initial recognition. The interest consists of the following considerations: the time value of money, the credit risk associated with the amount of the outstanding principal in a specified period, and other basic loan risks and costs, and margin of profit.

To assess whether the contractual cash flow is entirely for the payment of the principal and interest on the outstanding principal amount, the Company considers the terms of the financial instrument contract, including assessing whether the financial asset contains a contractual term that changes the time point or amount of the contractual cash flow, resulting not meeting this condition. At the time of evaluation, the Company consider:

- Any contingency that would change the point or amount of the contractual cash flow;
- The terms that adjust the contractual coupon rate, including the characteristics of the variable interest rate;
- Early repayment and extension features; and
- The Company's claim is limited to terms derived from the cash flow of a particular asset (e.g. non-recourse characteristics).

(c) Impairment of financial assets

The Company recognizes the allowance for the expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivable, refundable deposits and other financial assets, etc.) and contractual assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured by 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date；and

- The credit risk of other debt securities and bank deposits (i.e., the risk of default on the expected duration of the financial instruments) has not increased significantly since the initial recognition.

The allowance for receivables and contractual assets is measured at the amount of expected credit losses during the lifetime.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company historical experience and informed credit assessment as well as forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers the time deposit have low credit risk because the counterparty of the transaction and the performance of other parties are financial institutions above the investment grade.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the

lender would not otherwise consider;

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company procedures for recovery of amounts due.

(d) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(d) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(7) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is based on the weighted-average-cost method and includes expenditure incurred in acquiring the inventories, production or conversion cost, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

(8) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in

rofit or loss.

B. Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(a) Buildings: 5 to 30 years

(b) Machinery equipment, other equipment and leased asset: 2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(9) Lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(a) fixed payments, including in-substance fixed payments;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

(c) amounts expected to be payable under a residual value guarantee; and

(d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(a) there is a change in future lease payments arising from the change in an index or rate; or

(b) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

(c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

(d) there is a change of its assessment on whether it will exercise an extension or termination option; or

(e) there are any lease modifications

When the lease liability is remeasured, other than lease, modifications a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment properties, and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right of use assets and lease liabilities for short term leases with a term of 12 months or less and leases of the low-value assets, mainly including some of machinery equipments and transportation equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(10) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives (3 to 5 ears) of intangible assets, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(11) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or a CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds itsrecoverable amount.

Impairment losses are recognized in profit or loss. And then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis

For non-financial assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of or depreciation amortization, if no impairment loss had been recognized.

(12) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

A. Sale of goods- Precision Chemical materials

The Company engages mainly in the production and sales of Precision Chemical materials. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

B. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(13) Employee Benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

B. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. Liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(14) Income tax

Income taxes comprise current taxes and deferred taxes. Except for items recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized except for the following:

A. Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

B. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

C. Taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(15) Earnings per share

The Company discloses basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration that could be settled in the form of stock. The Company's potential diluted ordinary share includes employee remuneration that has not been resolved by the Board of Directors and has been issued in the form of shares.

(16) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the company). Operating results of the operating segment are regularly reviewed by the Company’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing the company financial statements in conformity with the Regulations and the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C., the management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in the accounting estimates during the period and the impact of those changes in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the company financial statements is as follows:

Impairment assessment of property, plant and equipment (including right-to-use assets)

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 100	100
Demand deposits	42,145	57,684
Time deposit	72,355	-
	$ 114,600	**57,784**

Please refer to note 6(19) for the interest rate risk and sensitivity analysis of the Company financial assets and liabilities

(2) Notes and accounts receivable, net

	December 31, 2022	December 31, 2021
Notes receivable	$ 751	-
Accounts receivable	70,965	71,118
	$ 71,716	**$ 71,118**

As of December 31, 2022 and 2021, the Company applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

As of December 31, 2022 and 2021, the loss allowance provision of accounts receivable (including related parties) was determined as follows:

	December 31, 2022		
	Gross amount of accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 71,716	0%	-

	December 31, 2021		
	Gross amount of accounts receivable	**Weighted-average loss rate**	**Credit loss allowance**
Current	$ 71,118	0%	-

(3) Inventories

	December 31, 2022	**December 31, 2021**
Raw materials	$ 4,575	6,367
Work in progress	6,264	2,661
Finished goods and merchandises	155,124	125,719
	$ 165,963	134,747

Components of operating costs were as follows:

	For the year ended December 31, 2022	**2021**
Cost of goods sold	$ 167,690	154,114
Recognition (reversal) of provisions for inventory valuation loss (gain)	(60)	(5,030)
Impairment gain of property, plant and equipment (note 6 (5))	(9,856)	-
Unallocated fixed manufacturing expense	118,092	109,200
Other operating costs	(7,454)	(3,784)
	$ 268,412	254,500

As of December 31, 2022 and 2021, the Company's inventories mentioned above were not pledged as collateral.

(4) Property, plant and equipment

The Company for the years ended December 31, 2022 and 2021, the movements of cost, depreciation and impairment of the property, plant and equipment of the Company were as follows:

		Land	Buildings	Machinery and equipment	Construction in progress and equipment under installation	Total
Cost:						
Balance at January 1, 2022	$	797,910	470,441	1,189,687	15,031	2,473,069
Additions		-	4,789	70,201	55,724	130,714
Disposals		-	(34,826)	(174,753)	-	(209,579)
Reclassification		-	-	2,891	(2,891)	-
Balance at December 31, 2022	$	797,910	440,404	1,088,026	67,864	2,394,204
Balance at January 1, 2021	$	797,910	457,846	1,190,819	2,637	2,449,212
Additions		-	-	31,649	9,708	41,357
Disposals		-	(2,866)	(25,172)	-	(28,038)
Reclassification		-	15,461	(7,609)	3,028	10,880
Transfer and others		-	-	-	(342)	(342)
Balance at December 31, 2021	$	797,910	470,441	1,189,687	15,031	2,473,069
Depreciation and impairment loss:						
Balance at January 1, 2022	$	-	123,354	911,265	12,140	1,046,759
Depreciation for the year		-	24,826	118,769	-	143,595
Impairment loss		-	-	(9,856)	-	(9,856)
Disposals		-	(34,592)	(171,149)	-	(205,741)
Balance at December 31, 2022	$	-	113,588	849,029	12,140	974,757
Balance at January 1, 2021	$	-	98,429	843,967	-	942,396
Depreciation for the year		-	25,600	106,586	-	132,186
Disposals		-	(2,866)	(24,957)	-	(27,823)
Reclassification		-	2,191	(14,331)	12,140	-
Balance at December 31, 2021	$	-	123,354	911,265	12,140	1,046,759
Carrying amounts:						
Balance at December 31, 2022	$	797,910	326,816	238,997	55,724	1,419,447
Balance at January 1, 2021	$	797,910	359,417	346,852	2,637	1,506,816
Balance at December 31, 2021	$	797,910	347,087	278,422	2,891	1,426,310

The Company recognized an impairment loss of some machinery amounting to $9,856 thousand for the years ended December 31, 2022, where were recognized as cost of sales, due to changes in production technology.

As of December 31, 2022 and 2021, the property, plant and equipment of the Company had been pledged as collateral for long-term and short-term loans and credit lines. Please refer to note 8.

(5) Right-of-use assets

The Company leased transportation equipment. Information about leases for which the company as a lessee was presented below:

	Trasportation equipment
Cost:	
Balance at December 31, 2022 (as of Balance at January 1, 2022)	$ 1,157
Balance at January 1, 2021	$ 1,237
Additions	566
Disposals	(646)
Balance at December 31, 2021	$ 1,157
Accumulated depreciation:	
Balance at January 1, 2022	$ 473
Depreciation	385
Balance at December 31, 2022	$ 858
Balance at January 1, 2021	$ 697
Depreciation	422
Disposals	(646)
Balance at December 31, 2021	$ 473
Carrying amount:	
Balance at December 31, 2022	$ 299
Balance at January 1, 2021	$ 540
Balance at December 31, 2021	$ 684

Please refer to note 6(11) for lease liabilities related to right-of-use assets.

(6) Intangible assets

The Company's intangible assets is computer software. For the years ended December 31, 2022 and 2021, the cost and amortization of the intangible assets of the Company were as follows:

		Computer software
Cost:		
Balance at January 1, 2022	$	539
Additions		939
Disposal		(70)
Balance at December 31, 2022	**$**	**1,408**
Balance at January 1, 2021	$	448
Additions		91
Balance at December 31, 2021	**$**	**539**
Amortization:		
Balance at January 1, 2022	$	391
Amortization		106
Disposal		(70)
Balance at December 31, 2022	**$**	**427**
Balance at January 1, 2021	$	287
Amortization		104
Balance at December 31, 2021	**$**	**391**
Carrying amounts:		
Balance at December 31, 2022	**$**	**981**
Balance at January 1, 2021	**$**	**161**
Balance at December 31, 2021	**$**	**148**

For the years ended December 31, 2022 and 2021, the amortization expenses of intangibles assets were $148 thousand and $148 thousand, respectively, recognized in the statements of comprehensive income.

(7) Other current and non- current assets

	December 31, 2022	December 31, 2021
Prepaid construction	$ 2,532	1,378
Prepaid insurance	1,263	976
Prepaid expense	1,009	860
Prepaid equipment	824	835
Prepaid and overpaid sales tax	-	337
Others	1,552	989
	$ 7,180	5,375
Other current assets	$ 2,761	2,338
Other non-current assets	4,419	3,037
	$ 7,180	5,375

(8) Short-term borrowings

There is no short-term borrowings for the Company. The details of Unused credit lines were as follows:

	December 31, 2022	December 31, 2021
Unused credit lines	$ 630,000	330,000

(9) Long-term borrowings

The details of long-term borrowings were as follows:

A. Long-term borrowings

	December 31, 2021			
	Currency	Range of interest rates	expiration date	Amount
Secured borrowings	TWD	1.18%	2029	$ 60,000

There is no unused credit lines for the years ended December 31, 2022 and 2021.

B. For the years ended December 31, 2022 and 2021, the Company didn’t use new borrowing; for the years ended December 31, 2022 and 2021, the Company repayments were $60,000 thousand and $270,000 thousand before expiration date, respectively.

C. The Company signed a long-term loan contract $600,000 thousand with the bank in January 2019 for operating activity, the financial ratio commitments related to the financial report are as follows:

(a) The current ratio is maintained above 100% (inclusive);

(b) The financial liability ratio is maintained below 80% (inclusive);

(c) Times interest earned should be maintained at 3 times or more;

(d) For the years ended December 31, 2022 and 2021, the minimum tangible net worth should be maintained above $1,500,000 thousand (inclusive).

The above-mentioned minimum tangible net worth stipulated in the contract signed with the bank in June 2021: in the year of 2021, it should be maintained at more than $1,300,000 thousand (inclusive); in the year of 2022, it should be maintained at more than $$1,500,000 thousand (inclusive).

If the above financial ratios are violated,existing loan interest rate increase 00.25%. Financial ratios are below contract for two consecutive times,loan amount needs to be renegotiated.

D. Collateral for loan

Please refer to Note 8 for details of the Company's guarantees for bank loans with land and buildings.

(10) Other current and non-current liabilities

	December 31, 2022	December 31, 2021
Accrued expense	$ 19,224	19,056
Equipment and project payable	50,003	11,949
Others	3,177	3,851
	$ 72,404	34,856
Other current liabilities	$ 72,038	34,210
Other non-current liabilities	366	646
	$ 72,404	34,856

(11) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	December 31, 2022	December 31, 2021
Other current liabilities	$ 189	387
Other non-current liabilities	$ 112	301

For the maturity analysis, please refer to note 6(19) "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the year ended December 31, 2022	2021
Interest on lease liabilities	$ 6	8
Expenses relating to short-term leases	$ 72	17
Expenses relating to leases of low value assets, excluding short term leases of low value asset	$ 247	169

The amounts recognized in the statement of cash flows were as follows:

	For the year ended December 31, 2022	2021
Total cash outflow for leases	$ 712	616

The lease period of the Company's leased transportation equipment is three years.

(12) Employee benefits

The Company contributes at the rate of 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company’s contribution to the Bureau of Labor Insurance requires no additional legal or constructive obligations thereafter.

The pension costs incurred from contributions to the defined contribution plan were $3,528 thousand and $3,129 thousand for the years ended December 31, 2022 and 2021, respectively. Such contributions were made to the Bureau of the Labor Insurance, Ministry of Labor.

(13) Income tax

A. The components of income tax expenses (benefit) in 2022 and 2021 were as follows:

	For the year ended December 31, 2022	2021
Deferred tax expense (benefit)	$ (20,504)	-

Reconciliations of income tax and income before income tax were as follows:

	For the year ended December 31, 2022	2021
Income before income tax	$ 187,470	194,445
Income tax using the Company’s domestic tax rate	$ 37,494	38,889
Change in unrecognized temporary differences	(15,360)	10,854
Current-year losses for which no deferred tax asset was recognized	(42,645)	(52,187)
Other	7	2,444
Income tax expense	$ (20,504)	-

B. Deferred tax assets and liabilities

The deferred tax assets have not been recognized

The deferred tax assets have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
Carryforward of unused tax losses	$ 147,500	190,145
Tax effect of deductible temporary differences	34,791	50,151
	$ 182,291	240,296

According to the R.O.C. Income Tax Act, the previous 10 years’ losses of the Company and its domestic subsidiaries as assessed by the tax authorities can offset the current year’s net income for income tax purposes. The deferred tax assets have not been recognized in respect of these items because it is probable that future taxable profit will be available against which the Company can utilize the benefits there from.

As of December 31, 2022, the Company's unused operating loss carry forwards were as described below:

Year of loss	Unused tax losses	Expiry date
2016 (examined and assessed)	$ 45,362	2026
2017 (examined and assessed)	200,609	2027
2018 (examined and assessed)	298,769	2028
2019 (examined and assessed)	192,758	2029
	$ 737,498	

Recognized deferred tax assets and liabilities:

	January 1, 2021	Acquisition through business combination	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2021	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2022
Deferred tax assets:								
Tax losses	$ -	-	-	-	-	20,504	-	20,504

C. The Company's income tax returns for the years through 2020 have been examined and approved by the R.O.C. income tax authorities.

(14) Capital and other equity

The reconciliation of shares outstanding for the years ended December 31, 2022 and 2021 was as follows:

Unit: in thousands of shares

	For the year ended December 31, 2022	2021
Opening balance on January 1	$ 138,237	290,967
Less accumulate deficits	-	(152,730)
Closing balance on December 31	$ 138,237	138,237

A. Share capital

On August 25, 2021, the resolution of the shareholders' meeting passed the capital reduction to make up for losses in order to improve the financial structure and plan to reduce the share capital $1,527,309 thousand, reduce 152,730 thousand shares. The capital reduction case has been approved and declared by the Ministry of Economic Affairs on December 22, 2021. The paid-in capital after capital reduction is $1,382,366 thousand. The Company had issued 138,237 thousand shares.

As of December 31, 2022 and 2021, the authorized common stock of the Company amounted to $4,000,000 thousand, with a par value of $10 per share, of which $100,000 thousand was divided into 10,000 thousand shares reserved for employee stock options. The numbers of Company's ordinary shares outstanding for the years ended December 31, 2022 and 2021 were both 138,237 thousand shares.

B. Retained earnings

The Company,s Article of Incorporation stipulates that Company’ s net earnings should first be used to offset the prior years’ deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as a legal reserve, and subsequently any remaining profit together with any undistributed retained earnings shall be distributed, in form of cash dividends or stock dividend. The distribution plan to dividend should be proposed by the Board of Directors and submitted to the shareholders’ meeting for approval. The Company's future distribution In line with business development and expansion, the profit distribution should take into account the Company's future capital expenditure budget and capital needs. The distribution of dividends to shareholders should not be less than 50% of the distributable earnings, which is calculated using the net income of the current year, minus, legal reserve and special reserve. The distribution of cash dividends should not be less than 50% of the total dividends.

On February 20, 2023 the earnings distribution proposal for the year of 2022 was approved by the Board of Directors of the Company. The plan to distribute the 2022 earnings will need to be approved in the shareholders’ meeting of the Company. The Company on June 17, 2022, the general meeting of shareholders resolved the amount of cash dividends for the 2021 profit distribution. The amount of dividends distributed to owners is as follows:

	For the year ended December 31,			
	2022		2021	
	Allotment rate (NT dollar)	Amount	Allotment rate (NT dollar)	Amount
Dividends distributed to ordinary shareholder:				
Cash dividends	$ 0.68	94,001	0.65	89,854

(15) Earnings per share

The Company's basic earnings per share are calculated as follows:

	For the year ended December 31,	
	2022	2021
Basic earnings per share		
Net Income attributable to the owner of the Company	$ 207,974	194,445
Weighted average number of ordinary shares outstanding during the year (in thousands of shares)	138,237	138,237
Basic earnings per share (NT dollars)	$ 1.50	1.41

		For the year ended December 31,	
		2022	**2021**
Diluted earnings per share			
Net Income attributable to the owner of the Company	$	207,974	194,445
Weighted average number of ordinary shares outstanding during the year (in thousands of shares) (basic)		138,237	138,237
Effect of dilutive potential ordinary shares:			
－Effect of employee stock remuneration		557	457
Weighted average number of ordinary shares outstanding (in thousands of shares)		138,794	138,694
Diluted earnings per share (NT dollars)	$	1.50	1.40

(16) Revenue from contracts with customers

		For the year ended December 31,	
		2022	**2021**
Primary geographical markets:			
Taiwan	$	431,479	458,876
Asia-other		93,864	49,517
America		5,753	5,395
Northeast Asia (Japan and Korea)		1,183	1,657
Europe		-	221
Total	$	532,279	515,666
Major product categories			
Precision Chemical materials	$	532,279	515,466
Other		-	200
Total	$	532,279	515,666

For details on trade receivables and allowance for impairment, please refer to note 6(2).

(17) Remuneration to employees, directors and supervisors

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee remuneration and no more than 1% as directorss and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $6,830 thousand and $2,171 thousand, respectively, and directors' and supervisors' remuneration amounting to $970 thousand and $790 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2022 and 2021. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognized as profit or loss in the following year. There is no significant difference between the above-mentioned amount of remuneration for employees, directors and supervisors distributed by the resolution of the board of directors and the estimated amount in the company's financial report for the years ended December 31, 2021. The numbers of shares to be distributed for 2022 and 2021 were calculated based on the net worth financial statement of the previous year.

On June 17, 2022, the Company set up an audit committee in accordance with the Securities and Exchange Act, and no longer set up supervisors in accordance .

Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for the years ended December 31, 2022 and 2021

(18) Non-operating income and expenses

A. Interest income

	For the year ended December 31,	
	2022	2021
	$ 550	9

B. Other revenue

	For the year ended December 31,	
	2022	2021
Rent revenue	$ 1,751	750
Insurance claims income	-	1,060
Miscellaneous Income	6,346	530
	$ 8,097	2,340

C. Other gains and losses

	For the year ended December 31,	
	2022	2021
Gains(losses) on disposal of property, plant and equipment	$ (2,740)	268
Foreign exchange gains (losses)	2,424	(1,185)
Others	(1,379)	49
	$ (1,695)	(868)

D. Finance costs

	For the year ended December 31,	
	2022	2021
Interest expenses on lease liabilities	$ 6	8
Interest expenses on bank loans	124	2,340
	$ 130	2,348

(19) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The main customers of the Company are from the silicon wafer and related industries. The Company generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Company is mainly influenced by the silicon wafer industry. As of December 31, 2022 and 2021, 76% and 68%, respectively of the Company's accounts receivable (including related parties) were from the 2 customers. Although there is a potential for concentration of credit risk, the Company routinely assesses the collectability of the accounts receivable and makes a corresponding allowance for doubtful accounts.

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Accounts payable	$ 13,775	(13,775)	(13,775)	-	-	-	-
Accrued payroll and bonus	19,443	(19,443)	(19,443)	-	-	-	-
Other accounts payable (including related parties)	276	(276)	(276)	-	-	-	-
Other accrued expense (other current liabilities)	69,227	(69,227)	(69,227)	-	-	-	-
Current and noncurrent lease liabilities	301	(304)	(96)	(96)	(112)	-	-
Guarantee deposits received (other current liabilities)	255	(255)	-	-	(255)	-	-
Accrued remuneration of directors and surpervisors (other current liabilities)	1,900	(1,900)	(1,900)	-	-	-	-
	$ 105,177	(105,180)	(104,717)	(96)	(367)	-	-
December 31, 2021							
Non-derivative financial liabilities							
Accounts payable	$ 10,903	(10,903)	(10,903)	-	-	-	-
Accrued payroll and bonus	13,934	(13,934)	(13,934)	-	-	-	-

	Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1-2 years	2-5 years	Over 5 years
Other accounts payable (including related parties)	113	(113)	(113)	-	-	-	-
Other accrued expense (other current liabilities)	31,005	(31,005)	(31,005)	-	-	-	-
Long-term borrowings (including current)	60,000	(64,834)	(355)	(355)	(711)	(2,132)	(61,281)
Current and noncurrent lease liabilities	688	(698)	(197)	(197)	(192)	(112)	-
Guarantee deposits received (other current liabilities)	345	(345)	-	-	(345)	-	-
Accrued remuneration of directors and surpervisors (other current liabilities)	790	(790)	(790)	-	-	-	-
	$ 117,778	(122,622)	(57,297)	(552)	(1,248)	(2,244)	(61,281)

In addition to repaying the loan before the expiration date in 2022 and 2021. The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary Items						
USD	$ 875	30.710	26,871	930	27.680	25,742
Financial liabilities						
Monetary Items						
USD	319	30.710	9,796	208	27.680	5,757

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, and other accounts receivable those are denominated in foreign currency. A weakening (strengthening) of 5% of the NTD against the USD, as of December 31, 2022 and 2021, would have increased or decreased the net income before income tax by $854 thousand and $999 thousand, respectively. The analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

(c) Foreign exchange gain and losses on monetary exchange

The exchange rate information and the exchange gain or loss (including realized and unrealized) of the Company's monetary items converted into functional currency (i.e. the Company's expression currency) were as follows:

	For the year ended December 31,			
	2022		2021	
	Foreign exchange gains (losses)	Average rate	Foreign exchange gains (losses)	Average rate
USD	$ (2,424)	29.8489	1,185	28.0100

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Company' s financial assets and financial liabilities.

As of December 31, 2022 and 2021, the Company ado pts cash and equivalent cash and long-term Term loan，If the interest rate had increased or decreased by 00.25%., the Company' s net income before income tax would have decreased or increased by $105 thousand and increased or decreased by $6 thousand, for the years ended December 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Company' s bank deposits and borrowings with variable rates.

E. Fair value of financial instruments

(a) Fair value hierarchy

The carrying amount and fair value of the Company' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 114,600	-	-	-	-
Net notes and accounts receivable	71,716	-	-	-	-
Other accounts receivable (including related parties)	138	-	-	-	-
	$ 186,454	-	-	-	-
Financial liabilities measured with amortized costs					
Accounts payable	$ 13,775	-	-	-	-
Other accounts payable (including related parties)	276	-	-	-	-
Other accrued expense (other current liabilities)	69,227	-	-	-	-
Lease liabilities-current and noncurrent	301	-	-	-	-
	$ 83,579	-	-	-	-

	December 31, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 57,784	-	-	-	-
Net notes and accounts receivable	71,118	-	-	-	-
Other accounts receivable (including related parties)	450	-	-	-	-
	$ 129,352	-	-	-	-
Financial liabilities measured with amortized costs					
Accounts payable	$ 10,903	-	-	-	-
Other accounts payable (including related parties)	113	-	-	-	-
Other accrued expense (other current liabilities)	31,005	-	-	-	-
Long-term borrowings	60,000	-	-	-	-
Lease liabilities-current and noncurrent	688	-	-	-	-
	$ 102,709	-	-	-	-

(b) Valuation technique of fair value of financial instruments that are not measured at fair value

Fair value measurement for financial assets and financial liabilities measured at amortized cost will be based on the latest quoted price and agreed-upon price if these prices are available in active markets. When market value is unavailable, the fair value of financial assets and financial liabilities is evaluated based on the discounted cash flow of the financial liabilities.

There are no transfers between fair value tiers in December 31, 2022 and 2021.

(20) Financial risk management

A. Overview

The financial instrument that the Company is using is exposed to the following risks:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The following likewise discusses the Company’s objectives, policies and processes for measuring and managing the above mentioned risks.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company adopts a comprehensive risk management and control system to identify all risks of the Company, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's market risk management objectives are to achieve optimal risk parts, maintain appropriate liquidity parts, and centrally manage all market risks under due consideration of the economic environment, competition conditions, and market value risks.

The Board of Directors has overall responsibility for supervise the Company adopts a comprehensive risk management and control system. The Company's financial accounting department provides services to various businesses and conducts financial market operations. Important financial activities are reviewed after review by the board of directors. During the implementation of the financial plan, the Company must obey the relevant financial risk management and division of powers and responsibilities. Financial operation procedures.

C. Credit risk

(a) Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

(b) As of December 31, 2022 and 2021, the Company doesn't exceed the credit limit, and the management doesn’t expect any significant losses if competitors don’t perform contract.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

Some of the Company's transactions are based on USD and RMB, so it is revealed to non -functional currency. The Company adopts a natural risk avoidance strategy for the exchange rate risk arising from the denominated transactions.

(b) Interest risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments due to changes in market interest rates, or the risk of changes in the cash flow of financial instruments caused by changes in market interest rates. The risk of interest rate exposure of financial assets and financial liabilities of the Company is described in the liquidity risk management of this note.

(21) Capital management

The Company's capital management goal is to protect the ability to going concern, to continue to provide shareholder remuneration and other stakeholders' interests, and to maintain an optimal capital structure to reduce capital costs.

In order to maintain or adjust the capital structure, the company may adjust the dividends paid to shareholders, reduce capital and return shareholders' shares, issue new shares or sell assets to pay off liabilities.

The Company is the same as its peers, which controls capital on the basis of the debt to equity ratios. The ratio is calculated as net debt divided by total equity. Net debt is the total liabilities shown in the balance sheet minus cash and cash equivalents，Total equity is all components of quity (including share capital, capital surplus, retained earnings and other equity interests).

The Company' s debt to equity ratios at the end of the reporting periods were as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 105,898	119,806
Less: cash and cash equivalents	(114,600)	(57,784)
Net debts	**$ (8,702)**	**62,022**
Total equity	**$ 1,694,930**	**1,576,810**
Debt-to-equity ratio	**(0.51)%**	**3.93%**

Decrease in debt-to-equity ratio as of December 31, 2022 due to repay the borrowings before the expiration.

(22) Cash flow information

Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Others	December 31, 2022
Long-term borrowings	$ 60,000	(60,000)	-	-
Guarantee deposits received	345	(90)	-	255
Current and noncurrent lease liabilities	688	(393)	6	301
Total liabilities from financing activities	$ 61,033	(60,483)	6	556

	January 1, 2021	Cash flows	Others	December 31, 2021
Long-term borrowings	$ 330,000	(270,000)	-	60,000
Guarantee deposits received	90	255	-	345
Current and noncurrent lease liabilities	545	(422)	565	688
Total liabilities from financing activities	$ 330,635	(270,167)	565	61,033

7. Related-party transactions:

(1) Parent company and ultimate controlling company

Sino-American Silicon Product Inc. (“SAS”) is both the parent company and the ultimate controlling the Company. As of December 31, 2022, it owns 30.09% of all shares outstanding of the Company and has issued the consolidated financial statements available for public use.

(2) Names and relationship with related parties

The followings are entities that have had transactions with the Company during the periods covered in the financial statements:

Name of related party	Relationship with the Company
Sino-American Silicon Products Inc. (“SAS”)	The parent company
Sunrise PV Four Co., Ltd. (Sunrise PV Four)	SAS's subsidiary

(3) Significant transactions with related parties

A. Lease

The Company has entered into a factory lease contract with related parties, and the details of the rent revenue are as follows:

Categories	For the year ended December 31, 2022	2021
Other related parties- (Sunrise PV Four)	$ 1,050	450

The Company leased the factory to (Sunrise PV Four). As of December 31, 2022 and 2021, the rent receivables (other accounts receivable (including related parties)) are $138 thousand and $450 thousand, respectively.

B. Others

The related parties charged the Company for their services, including administrative assistance, technical service, legal work appointment, and plant lease, etc. Details of related other expenses and payables to related parties were as follows:

	For the year ended December 31,	
Categories	**2022**	**2021**
Parent company	$ 1,091	676

Items	Categories	December 31, 2022	December 31, 2021
Other accounts payable (including related parties)		$ 276	113

(4) Key management personnel compensation

Key management personnel compensation comprised of:

	For the year ended December 31,	
	2022	**2021**
Short-term employee benefits	$ 22,123	22,676
Post-employment benefits	890	823
	$ 23,013	23,499

8. Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Purpose of pledge	December 31, 2022	December 31, 2021
Land	Long-term borrowings	$ 797,910	797,910
Buildings	Long-term borrowings	310,073	334,474
		$ 1,107,983	1,132,384

9. Commitments and contingencies:

The Company signed a number of equipment purchase contracts with manufacturers. As of December 31, 2022 and 2021, the contracted unpaid expense are $42,836 thousand and $41,810 thousand, respectively.

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows：

By funtion / By item	For the year ended December 31					
	2022			2021		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	44,344	35,588	79,932	43,251	33,281	76,532
Labor and health insurance	4,957	2,843	7,800	4,491	2,524	7,015
Pension	2,114	1,414	3,528	1,894	1,235	3,129
Remuneration of directors	-	1,888	1,888	-	544	544
Others	2,288	1,780	4,068	2,218	1,239	3,457
Depreciation	134,657	9,323	143,980	124,614	7,994	132,608
Amortization	-	106	106	-	104	104

As of December 31, 2022 and 2021, the number of employees in the company is 110 and 105, respectively, the number of non-part-time directors is 6 and 4, respectively.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

I. Trading in derivative instruments: None.

(2) Information on investees:

The following is the information on investees for the years ended December 31, 2022 (excluding information on investees in Mainland China): None.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: None.

B. Limitation on investment in Mainland China: None.

C. Significant transactions: None.

14. Segment information:

(1) General information

The operating department of the company is only a single department, which is mainly engaged in the research, development and sales of precision chemical materials. In addition, the information of departmental profit and loss, departmental assets and departmental liabilities is consistent with the financial report. Please refer to the balance sheet and comprehensive income statement

(2) Products and services information

The Company's production and sales of fine precision chemical materials all come from external customers. For relevant information, please refer to Note 6 (16) of the revenue of the customer contract.

(3) Geographical information

A. For the Company's revenue from external customers and the relevant customer contract revenue, please refer to note 6(16). Company revenue is classified based on the geographic location of the customer or the location of the agent's company registration, while non-current assets are classified based on the geographic location of the asset.

B. Non-current assets:

Geographical information	December 31, 2022	December 31, 2021
Non-current assets:		
Taiwan	$ 1,425,146	1,430,179

(4) Major Clients Information

The clients that accounted for 10% or more of the company's operating revenue as follow：

	For the year ended December 31, 2022	2021
Client A	$ 320,819	276,549
Client E	71,051	40,760
Client B	58,753	11,092
Client D	5,679	149,120
	$ 456,302	477,521

Taiwan Speciality Chemicals Corporation

Statement of cash and cash equivalents

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash	Petty cash and cash on hand	$ 100
Bank deposits	Demand deposits	39,118
	Time deposits	57,000
	Foreign currency time deposits (USD: 500,000)	15,355
	Foreign currency deposits (USD: 98,543.67)	3,027
	Subtotal	114,500
	Total	**$ 114,600**

Note: Foreign currency exchange rates at the balance sheet date are as follows:

USD exchange rate: 30.71

Statement of notes receivable

Customer Name	Description	Amount
Accounts Receivable:		
Company A	Operating revenues	$ 48,317
Company C	Operating revenues	12,346
Company E	Operating revenues	5,973
Company F	Operating revenues	5,080
		$ 71,716

Taiwan Speciality Chemicals Corporation

Statement of inventories

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Amount		Remark
	Cost	Net realizable value	
Raw materials and Supplies	$ 5,362	4,575	Net realizable value based on market price
Work in progress	6,263	6,264	Net realizable value based on market price
Finished goods and products	155,124	560,592	Net realizable value based on market price
Less: Allowance for loss	(786)	-	
	$ 165,963	571,431	

Statement of other current assets and other

non-current assets

Please refer to note 6(7) of the financial statements for relevant information of other current assets and other non-current assets.

Statement of changes in property, plant and equipment

Please refer to note 6(4) of the financial statements for relevant information of property, plant and equipment.

Taiwan Speciality Chemicals Corporation

Statement of changes in right-of-use assets

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(5) of the financial statements for relevant information of changes in right-of-use assets.

Statement of changes in intangible assets

Please refer to note 6(6) of the financial statements for relevant information of changes in intangible assets.

Statement of notes payable

Vender Names	Amount
Accounts payable:	
Vender B	$ 7,085
Vender D	1,236
Vender E	3,461
Vender F	750
Others (individual amount does not exceed 5%)	1,243
	$ 13,775

Taiwan Speciality Chemicals Corporation

Statement of lease liabilities

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Lease term	Discount Rate	Ending balance
Transportation Equipment	Company vehicle	2021/7/31~2024/7/30	1.18%	$ 301
Less: lease liabilities－current				(189)
Total				$ 112

Statement of other current liabilities and other non-current liabilities

Please refer to note 6(10) of the financial statements for relevant information of other current liabilities and other non-current liabilities.

Statement of operating revenue

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Item	Sales volume	Amount
Precision Chemical material	65,081 KG	$ 532,279

Taiwan Speciality Chemicals Corporation

Statement of operating costs

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Beginning inventory - goods	$ 7,130
Add: Purchase in this period	34,357
Miscellaneous enter warehouse	697
Less: Inventories at the end of the period	(6,650)
Miscellaneous out of warehouse	(623)
Transfer of sale expenses	(148)
Cost of goods purchased and sold	34,763
Raw material consumption	
Beginning raw materials	7,213
Add:Material purchased in this period	45,846
Miscellaneous enter warehouse	845
Less:Ending raw materials	(5,362)
Raw materials required by the department	(30,692)
Consumption of raw materials in this period	17,850
Direct labor	33,980
Manufacturing expenses	105,794
Manufacturing cost	157,624
Add: Beginning WIP goods	2,661
Miscellaneous enter warehouse	9,674
Less: Ending WIP goods	(6,263)
Costs of finished goods	163,696
Add: Beginning finished goods	118,589
Less: Ending finished goods	(148,474)
Transfer of sale expenses	(839)
Miscellaneous required	(42)
Cost of finished goods sold	132,930
Cost of goods sold	167,690
Add: Other operating costs	(7,454)
Recognition reversal of provisions for inventory valuation loss	(60)
Unallocated fixed manufacturing expense	118,092
Recognition reversal of the impairment loss of fixed assets	(9,856)
Total operating costs	$ 268,412

Taiwan Speciality Chemicals Corporation

Statement of selling expenses

For the year ended December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Salary expenses		$ 3,460
Shipping expenses		4,679
Import/export expenses		3,176
Sample charge		987
Insurance expenses		1,067
Others (summary of individual amount not exceeding 5%)		700
		$ 14,069

Statement of administrative expenses

Items	Description	Amount
Salary expenses		$ 27,534
Utilities expenses		4,294
Depreciation		3,351
Professional service fees		4,603
Others (summary of individual amount not exceeding 5%)		3,183
		$ 42,965

Taiwan Speciality Chemicals Corporation

Statement of research and development expenses

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Salary expenses		$ 12,519
Depreciation		5,569
Research and Development Consumables		2,136
Repair and maintenance expense		1,877
Others (summary of individual amount not exceeding 5%)		4,084
		$ 26,185

Statement of non-operating income and expenses

Please refer to note 6(18) of the financial statements for relevant information of non-operating income and expenses.

Taiwan Speciality Chemicals Corporation

Statement of finance costs

December 31, 2022

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(18) of the financial statements for relevant information of finance costs.

Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by functions

Please refer to note 12 of the financial statements for relevant information of employee benefits, depreciation, and amortization expenses.