Annual Report 2019

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台橡股份有限公司
TSRC CORPORATION

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The name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: No

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Letter to the Shareholders

Letter to the Shareholders

2019 was a challenging year for most businesses. Global economic growth slowed due to the disruptions from trade disputes and geopolitical conflicts, as well as the uncertainties in outlook and negative impact to business/consumer confidence. TSRC's business was not immune to these negative factors and experienced a decline in overall financial performance compared to prior year. Amidst the economic and market headwinds, TSRC's synthetic rubber business managed to leverage on the opportunities with increased price gap between natural rubber (NR) and BD to grow volume and also increase sales to higher margin non-tire applications. TPE business had a difficult time against pricing pressure and economic headwinds, resulting in declined performance versus 2018.

In total, the shipment of synthetic rubber and TPE products was 488 thousand metric tons in 2019, an increase of 8% versus prior year. Consolidated revenue was NTD 28,911 million, a decrease of 3% compared to NTD 29,751 million in the prior year. Consolidated gross profit was down 3% to NTD 3,377 million and margin was 12%. Consolidated operating profit was NTD 1,085 million, a reduction of 17% compared to the prior year. As a result, net income was NTD 740 million while EPS was NTD 0.90, representing a 38% decline from 2018.

In building our capabilities to become a global specialty chemical company, we successfully completed the construction of the new twenty-thousand-metric-tons-per-year advanced SEBS line in Nantong, China and the new seven-thousand-metric-tons-per-year advanced shoe materials (ASM) plant in Vietnam in 2019 with planned commercial production in 2020. In addition, TSRC Global Application Research Center was inaugurated in Shanghai with the objective of utilizing TSRC's high-quality polymers and technology to accelerate collaboration with customers in elastomer/ polymer compounds and their downstream applications, such as medical and specialty films. These new assets, along with innovative technologies and new market development, strength TSRC's position in specialty chemicals and applications.

In terms of technology innovation, key research milestones include successful adoption of functional modification in next generation synthetic rubber products, development of new generation HSBC technologies in novel applications such as medical, specialty film, foaming and automotive component, and the implementation of new process technologies in upgrading existing and new manufacturing assets. In 2019, TSRC was granted 11 patents.

For the year of 2020, global economic growth continues to be weakened, especially with the COVID-19 outbreak. The outbreak directly impacted China's economy and also caused a broad-based impact globally due to China's position in the global supply chain and international trade. TSRC's operation will inevitably be affected in the first-half of 2020, but we expect to recover in the second-half of 2020 assuming that the epidemic stabilizes. TSRC's priority, during this difficult period, is to ensure the safety of our employees and to support our key customers to stabilize and sustain their businesses. We will also continue our long-term development projects for new products and technology solutions. TSRC will endeavor to achieve the previously set target of 4% increase in sales volume in 2020 and remain vigilant to respond to volatile market changes and long-term growth opportunities.

Despite the increasingly challenging external environment, TSRC is dedicated to strengthening our business portfolio and growth in high value market segments and applications. TSRC will focus to achieve short term and lasting benefits through enhanced technology and capabilities, and continue the momentum towards our vision of being a global specialty chemical company.

Chairman: Nita Ing

Company profile

I. Date of incorporation

July 27, 1973

II. Company history

2010's Globalization

- Signed an SBS technology licensing contract with a Russian Company, which was the first technology out-licensing by TSRC.
- Established a joint venture E-SBR plant with an annual output of 120 thousand metric tons in India and a joint venture NBR plant in Nantong, Jiangsu, China.
- Acquired Dexco in the U.S.
- Established a SIS plant with an annual output of 25 thousand metric tons in Nantong, Jiangsu, China.
- Expanded the production line for Advanced Shoe Materials in Gangshan.
- Upgraded the Technology Center and Semi-commercial Plant in Kaohsiung, Taiwan.
- Raised stake in Indian joint venture (Indian Synthetic Rubber Private Ltd.) to 50%
- Completed construction of new SEBS line in Nantong, China.
- Incorporated Vietnam subsidiary. Completed construction of ASM plant in Vietnam.
- Established TSRC Global Application Research Center in Shanghai, China.

2000's Expansion of Production Lines

- Successfully developed the second generation SEBS technology.
- Established Compound plants in Songjian, Shanghai and Jinan, Shandong, respectively.
- Established an SEBS plants with an annual output of 20 thousand metric tons and formed a joint venture-BR plant with an annual output of 50 thousand metric tons respectively in Nantong, Jiangsu, China.

1990's Rapid Regional Expansion

- Established its second SBS production line in Kaohsiung.
- Established Shen Hua Chemical Industrial in Nantong, Jiangsu, China and established an E-SBR plant with an annual output of 100 thousand metric tons. This Company is the first joint venture and overseas Company of TSRC.
- Participated in a joint venture project of BR with an annual output of 50 thousand metric tons in Thailand.
- Successfully developed the first generation of SEBS technology.

1980's Early Growing Stage

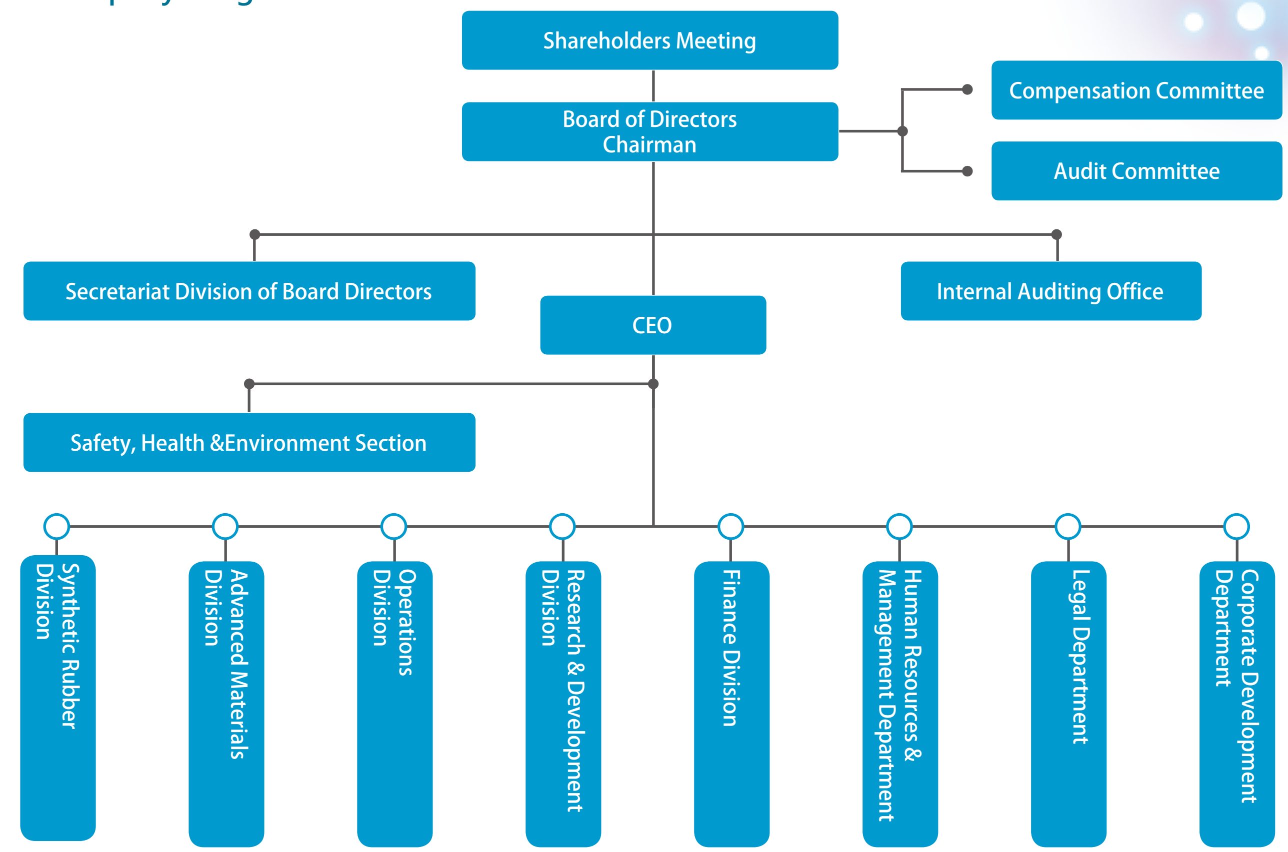
- Established a BR plant with an annual output of 40 thousand metric tons.
- Relocated the Philips SBS Plant from Texas, USA to Kaohsiung.

1970's Beginning

- Taiwan Synthetic Rubber Corp. (TSRC) was established in 1973.
- Established an E-SBR plant with an annual output of 100 thousand metric tons (the first E-SBR plant in Taiwan).

Corporate governance report

I. Company's organization



Tasks of principal divisions/departments/business

Secretariat Division of Board Directors	Planning and implementing matters of the Board of Directors for the smooth operation of the Board.
Internal Auditing Office	Planning and performing internal audit to ensure the effective operation of the internal system as well as establishing corporate risk evaluation and risk management mechanisms.
Safety, Health & Environment Section	Stipulating, planning, supervising and promoting the safety and health management matters and directing related departments in implementation.
Synthetic Rubber Division	Responsible for planning and executing the synthetic rubber business development project, selling synthetic rubber products, analyzing overall performance, and responsible for operation result.
Advanced Materials Division	Responsible for planning and executing the development project for advanced material business, selling thermoplastic elastomer (TPE) and applied materials, analyzing overall performance, and responsible for operation result.
Operations Division	Responsible for managing the production of plants, supervising the system operation of the supply chains, dedicating to maintaining the operational safety of plants, improving quality, maximizing production efficiency, and improving the competitiveness of products.
Research & Development Division	Developing own or introducing advanced technologies externally in cope with the long-term strategy of TSRC, which allows the product quality of TSRC and technology to reach international level, improves the overall competitiveness, and increases revenues to ensure the sustainability of TSRC.
Finance Division	Responsible for the stipulation of financial policy and accounting system, planning and managing funds, accounts, taxes, equities and financial of re-investing businesses, as well as assisting in the customer credit risk management of all business units. Meanwhile, also responsible for the overall planning of the information service system of TSRC in order to improve the efficiency of operational management and decision-making.
Human Resources & Management Department	Planning and establishing human resources policy, drafting plans and budget for employee selection, recruitment, cultivation, retainment, and employee relations, as well as shaping organizational culture and promoting organizational management in order to fulfill the goal of the organization and operate effectively.
Legal Department	Responsible for legal management and providing legal support to TSRC to ensure the interests of TSRC are not harmed.
Corporate Development Department	Stipulating the medium to long-term development strategy, integrating and allocating resources, supervising execution process of all projects, handling the promotion of corporate social responsibility and public relations.

II. Information on Board of Directors and Presidents

<1> Information on Board of Directors (1)

Job title	Nationality or Place of registration	Name	Gender	Date of elected	Term of contract	Date of first elected	Shares held when elected		Shares currently held		Shares currently held by their spouses and children of minor age	
							Share(s)	%	Share(s)	%	Share(s)	%
Chairman	Republic of China	Wei Dah Development Co.,Ltd. Representative: Nita Ing(Note 1)	Female	June 21, 2018	3	July 27, 1985	53,708,923 0	6.5 -	53,708,923 0	6.5 -	0	-
Director	Republic of China	Han-De Construction Co.,Ltd. Representative: Chin-Shan Chiang(Note 2)	Male	June 21, 2018	3	June 06, 2012	31,093,108 762	3.8 -	63,093,108 762	7.6 -	0	-
Director	Republic of China	Han-De Construction Co.,Ltd. Representative: Jing-Lung Huang	Male	June 21, 2018	3	June 21, 2018	31,093,108 0	3.8 -	63,093,108 0	7.6 -	0	-
Director	Republic of China	Han-De Construction Co.,Ltd. Representative: John T. Yu	Male	June 21, 2018	3	June 10, 2015	31,093,108 0	3.8 -	63,093,108 0	7.6 -	0	-
Independent Director	Republic of China	Robert Hung	Male	June 21, 2018	3	June 06, 2012	0	-	0	-	0	-
Independent Director	Republic of China	Sean Chao	Male	June 21, 2018	3	June 21, 2018	0	-	0	-	0	-
Independent Director	Republic of China	Rex Yang	Male	June 21, 2018	3	June 21, 2018	0	-	0	-	0	-

Note1: Description of the changes in Corporate Directors and the representatives of Corporate Director:
(1) Hao Ran Foundation resigned the position of director and waive its reassigning rights on November 19, 2019;
(2) The representative of the corporate director, Wei Dah Development Co.,Ltd. has been reassigned from Mr Chen Tsai-De to Mrs Nita Ing on November 19, 2019; the representative of the corporate director, Han-De Construction Co., Ltd. has been reassigned from Mr Lee Tzi-Wei to Mr Chaing Chin-Shang on November 19, 2019;
(3) The 16th Year of President in our company was Ms. Nita Ing, the Representative of Hao Ran Foundation, and we convened the Board meeting for the President reelection on November 19, 2019 that Ms. Nita Ing , the Representative of the corporate director, Wei Dah Development Co.,Ltd., was elected as the President.

Note2: The relatives information of the chairman of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship.

Major shareholders of institutional shareholders December 31, 2019

Institutional shareholders	Major institutional shareholders
Han-De Construction Co.,Ltd.	Mao Shi Corporation (99.8%)
Wei Dah Development Co.,Ltd.	Mao Shi Corporation (99.8%)

Note: The original corporate shareholder, Hao Ran Foundation, reassigned the position of director and waived its reassigning rights on November 19, 2019.

December 31, 2019

Shares held through nominees		Principal work experience and Academic qualification	Position(s) currently held in the Company and/or in any other Company	Other officers, directors or supervisors who are their spouses or relatives of 2nd degree of relationship			Note (Note 2)
Share(s)	%			Job title	Name	Relationship	
0	-	Bachelors' Degree in Department of Economics, University of California, Los Angeles	Chairman of Hao Ran Foundation Chairman of Continental Holdings Corp. Chairman of Continent Engineering Company Director of Continent Development Company Director of American Bridge Holding Company	No	No	No	No
0	-	Masters' Degree in Department of Public Administration, NCU	Director of Wei Dah Development Corporation, Chairman of Capital Community Management Corporation, Director of Hao Ran Foundation	No	No	No	No
0	-	Bachelors' Degree in Department of Accounting, NCKU	Managing Director of Pan Asia Corp., Chairman of Han-De Construction Co., Ltd, Chairman of Wei Dah Development Corporation, Chairman of Xi Hui Corporation, Director of Continent Engineering Company , Supervisor of Continent Development Company, Director of Xin Rong Corporation, Director of CEC Commercial Development Corporation, Chairman of Mao Shi Corporation	No	No	No	No
0	-	Graduated from Advanced Management Class in Management Faculty, Harvard University, Bachelors' Degree in Department of Electrical Engineering, NTU	Chairman of CTCI Corporation, Chairman of Xing Li Development Company, Director of CTCI Overseas Corporation Limited, Director of CTCI Education Foundation, Managing Director of CTCI Foundation , Director of TCC	No	No	No	No
0	-	Masters' Degree in Department of Economics, Illinois State University, USA	Independent Director of Wistron NeWeb Corporation	No	No	No	No
0	-	Masters' Degree in Department of Business Administration, University of Chicago, Bachelors' Degree in Department of Politics and International Relations, NTU	Independent Director of Hann Star Corporation	No	No	No	No
0	-	Bachelors' Degree in Department of Business Administration, Soochow University	No	No	No	No	No

Major shareholders of major shareholders of institutional shareholders December. 31, 2019

Institutional shareholders	Major institutional shareholders
Mao Shi Corporation	Jade Fortune Enterprises Inc.(100%)

Information on Board of Directors

Conditions / Name	Whether they possess work experience of more than five years and the following professional qualifications		
	At least lecturers of business, law, finance or accounting departments or other relevant departments/divisions required by the Company's business of public and private colleges/universities	Judges, prosecutors, attorneys, CPAs, or other professional and technical personnel possessing licenses after passing national examinations as required by the Company's business	Experience in business, law, finance and accounting,and other work required by the Company's business
Nita Ing			√
Chin-Shan Chiang			√
Jing-Lung Huang			√
John T. Yu			√
Robert Hung			√
Sean Chao			√
Rex Yang			√

Please tick "√" in the following blank boxes,if the directors meets the following conditions within two years prior to the appointment and in the duration of the appointment.

(1) Who are not employees of the Company or its affiliates;
(2) Directors and corporate supervisors not belonging to the Company or its affiliates (However, except for the independent Directors who hold concurrent posts that are not subject to the limits for those companies and its parent companies or subsidiary companies belonged to their parent companies which are established by local regulations.).
(3) Who are not directors/supervisors, or the directors'/supervisors' spouses or minor children, or natural person shareholders who possess more than 1% of the Company's total issued shares in the name of another person, or top ten natural person shareholders;
(4) Managers who are not listed in (1) or their spouses,second-degree relatives of the listed members in (2) and (3) or direct blood relatives of the third-degree relatives.
(5) The directors, supervisors of the legal shareholders or employee who do not directly hold more than 5% of the total issued shares or on top 5 shareholdings or appointing the representatives to be the directors or supervisor of the Company as prescribed of Article 27 (1) or (2) of the Company Law (however, except for the independent Directors who hold concurrent posts that are not subject to the limits for the company and its parent company or subsidiary company belonged to their parent company which are established by local regulations.)
(6) More than half of shares that are not belonged to the Board of Directors or voting rights of the company shall controlled by the same person of his/her Directors, Supervisors or Employees in company (however, except for the independent Directors who hold concurrent posts that are not subject to the limits for the company and its parent company or subsidiary company belonged to their parent company which are established by local regulations.)
(7) The Directors, Supervisors or Employees of their company or institution who are not the company' s Directors, General Managers or equivalent position that are the same persons or spouses (but the independent Directors who hold concurrent posts that are not subject to the limits for the company and its parent company or subsidiary company belonged to their parent company which are established by local regulations.)
(8) Directors, Supervisors, Managers or shareholders who hold more than 5% of shares in particular company or institution which do not have financial or business dealings with the company (however, if the particular company or institution holds more than 20% and below 50% of the total issued shares of the company, and the independent Directors who hold concurrent posts that are not subject to the limits for the company and its parent company or subsidiary company belonged to their parent company which are established by local regulations.)
(9) The professionals, sole proprietorships, partnerships, companies or institutions who do not provide audit services or have obtained remuneration grand total amount not exceeded to NT$500,000 in business, legal affairs, finance and accounting, or the business owners, partners, directors , supervisors, handlers and their spouses. However, members of Payroll Committee, Pubic Offer Review Committee or Special Committee on Mergers and Acquisitions are not subject to the limits for performing its functions according to the relevant regulations of the Securities and Exchange Act or Business Mergers and Acquisitions Act.
(10) Who are not spouses or relatives within 2nd degree of relationship of the other directors.
(11) Who are free from any of the circumstances referred to in Article 30 of the Company Act.
(12) Who are not the corporations or representatives defined in Article 27 of the Company Act.

December 31, 2019

compliance with the circumstances for independency												number of other public companies in which he/she assumes an independent director concurrently
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
√		√	√		√	√	√	√	√	√		0
√		√	√		√	√	√	√	√	√		0
√		√	√		√	√	√	√	√	√		0
√	√	√	√	√	√	√	√	√	√	√		0
√	√	√	√	√	√	√	√	√	√	√	√	1
√	√	√	√	√	√	√	√	√	√	√	√	1
√	√	√	√	√	√	√	√	√	√	√	√	0

<2> Information on presidents

Job title	Name	Nationality	Date of elected	Shares currently held		Shares currently held by their spouses and children of minor age		Shares held through nominees	
				Share(s)	%	Share(s)	%	Share(s)	%
CEO	Joseph Chai	Singapore	November 01, 2015	0	-	0	-	65,000	-
Sr. Vice President Advanced Materials Division	Wing-Keung Hendrick Lam	Canada	July 16, 2004	0	-	0	-	0	-
Vice President Operations Division	R. L. Chiu	Republic of China	June 01, 2016	2,046	-	0	-	0	-
Vice President Finance Division	Edward Wang	Republic of China	June 01, 2016	0	-	0	-	0	-
Vice President Research & Development Division	Qiwei Lu	USA	April 01, 2016	0	-	0	-	0	-
Vice President Synthetic Rubber Division	Kevin Liu	Republic of China	June 01, 2016	0	-	0	-	0	-
Vice President Human Resources & Management Department	Alison Tung	Republic of China	September 01, 2017	0	-	0	-	0	-

Note: Whether the general manager or one in equivalent position is the same person as the chairperson, the spouse of the chairperson, or the first-degree relative of the chairperson.

December 31, 2019

Principal work experience and Academic qualification	Position(s) currently held in the Company and/or in any other Company	Other officers, directors or supervisors who are their spouses or relatives of 2nd degree of relationship 人			Note
		Position	Name	Relationship	
Lubrizol Corporation Deputy Vice President of Asia Pacific/ MBA, Case Western Reserve University, USA	Directors of Polybus Corporation. Pte Ltd., TSRC (Hong Kong) Limited, Trimurti Holding Corporation., Hardison International Corporation., Dymas Corporation., Triton International Holdings Corporation.	No	No	No	No
Financial Officers of Pacific Industrial Co., Ltd., Assistant Vice President of First Pacific Co. Ltd. and Shau Kei Wan Industrial School, Hong Kong	Chairman of TSRC(Nantong) Industrial Ltd. and TSRC(Shanghai) Industrial Ltd., TSRC(Vietnam)Co., Ltd.; Directors of TSRC (USA) Investment Corporation., Dexco Polymers Operating Company LLC, Indian Synthetic Rubber Private Ltd., Trimurti Holding Corporation., Hardison International Corporation., TSRC (Hong Kong) Limited, Dymas Corporation, Polybus Corporation PteLtd., TSRC(Lux.) Corporation S.à r.l., APED Company Ltd.	No	No	No	No
Kaohsiung factory manager and Assistant of Manufacturing Division, Acting Vice President of Rubber Business Division TSRC. Vice President & Factory manager of Shen Hua Chemical Industrial Co., Ltd. and Chemical Engineer, Chung Yuan Christian University, Executive Master of Business Administration, National Sun Yat-Sen University	Directors of Shen Hua Chemical Industrial Ltd., TSRC-UBE (Nantong) Chemical Industrial Co. Ltd.	No	No	No	No
Chief Financial Officer, HTC / Master of Business, Administration, Tunghai University	Directors of Shen Hua Chemical Industrial Ltd., Polybus Corporation Pte Ltd., Trimurti Holding Corporation., Triton International Holdings Corporation, TSRC (Hong Kong) Limited, TSRC (USA) Investment Corporation., Dexco Polymers Operating Company LLC, TSRC(Lux.) Corporation S.à r.l., Indian Synthetic Rubber Private Ltd., TSRC(Vietnam)Co., Ltd. APED Company Ltd. ; Supervisors of TSRC(Nantong) Industrial Ltd., TSRC-UBE (Nantong) Chemical Industrial Company Ltd., TSRC (Shanghai) Industrial Ltd., ARLANXEO- TSRC(Nantong) Chemical Industrial Co., Ltd.	No	No	No	No
Global Strategic Technology Officer, Lubrizol / Doctor in Material Science and Engineering, University of Minnesota	None	No	No	No	No
Manager, Sales and Marketing, Department, Asst. Vice President Rubber Business Unit, TSRC. Spokesperson and Assistant Vice President, Sales Department, China Synthetic Rubber Corp., and MSA, Cambridge College, USA	Chairman of Shen Hua Chemical Industrial Ltd., TSRC-UBE (Nantong) Chemical Industrial Co. Ltd., Indian Synthetic Rubber Private Limited; Director of ARLANXEO- TSRC(Nantong) Chemical Industrial Co., Ltd., Thai Synthetic Rubbers Co., Ltd	No	No	No	No
Microsoft Corp. Client-aligned Director of HR Greater China Region, Vice President, Human Resource (GIGNA Int'l, Taipei, Taiwan), National Taiwan University-EMBA, New York University MA, Industrial & Organizational Psychology	None	No	No	No	No

III. The remuneration of directors and major managers

<1> Directors' remuneration

Job title	Name	Directors remuneration							
		Base compensation (A)		Severance pay and pensions (B)		Remuneration to directors (C)(Note 3)		Business execution expenses(D)	
		The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report
Chairman	Wei Dah Development Co.,Ltd. Representative:Nita Ing	11,075	11,075	0	0	3,216	3,216	0	0
Director	Han-De Construction Co.,Ltd. Representative:Chin-Shan Chiang								
Director	Han-De Construction Co.,Ltd. Representative: Jing-Lung Huang								
Director	Han-De Construction Co.,Ltd. Representative:John T. Yu								
Chairman (Note 1)	Hao Ran Foundation Statutory Representative:Nita Ing								
Director (Note 1)	Hao Ran Foundation Statutory Representative:Chin-Shan Chiang								
Director (Note 1)	Han-De Construction Co.,Ltd. Representative:Tzu Wei Lee								
Director (Note 1)	Wei Dah Development Co.,Ltd. Representative:Tsai-Der Chen								
Independent Director	Robert Hung	6,750	6,750	0	0	1,691	1,691	1,000	1,000
Independent Director	Sean Chao								
Independent Director	Rex Yang								

Note1: The corporate director,Hao Ran Foundation, resigned on November 19th, 2019; Han-De Construction Co.,Ltd. and Wei Dah Development Co.,Ltd. reassigned representatives.

Note2: The payment criteria for the remuneration of independent directors in our company was referred to as an independent director renumber to be reviewed by the Renumeration Committee, thereby becoming a resolution to be determined by the Board of Directors.

Note3: The remuneration to directors is submitted to the 15th meeting of the 16th board of directors.

Unit: thousand NTD

Percentage of the total of A, B, C and D accounting for income after tax		Relevant remuneration received by directors who are also employees								Percentage of total of A, B, C, D, E, F and G accounting for income after tax		Compensation paid to directors from non-consolidated affiliates
		Salary, bonus and special allowance(E)		Severance pay and pensions (F)		Employees' earnings (G)						
						The Company		Companies in Financial Report				
The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report	Cash	Stock	Cash	Stock	The Company	Companies in Financial Report	
1.93	1.93	0	0	0	0	0	0	0	0	1.93	1.93	0
1.28	1.28	0	0	0	0	0	0	0	0	1.28	1.28	0

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Special items to be included

Other disclosures

Any circumstances referred to in Paragraph 3(2) of Article 36 of the Securities and Exchange Act which might materially affect shareholders' equity or the price of the Company's securities

Remuneration paid to the various directors	Name of directors			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	The Company	Companies in Financial Report	The Company	Companies in Financial Report
1,000,000 below	Tsai-Der Chen, Tzu Wei Lee, Wei Dah Development Co.,Ltd and Hao Ran Foundation Statutory	Please refer to the left column.	Tsai-Der Chen, Tzu Wei Lee, Wei Dah Development Co.,Ltd and Hao Ran Foundation Statutory	Please refer to the left column.
1,000,000 (inclusive of 1,000,000)-2,000,000(does not contain 2,000,000)	Chin-Shan Chiang, Jing-Lung Huang, John T. Yu,Han-De Construction Co.,Ltd.	Please refer to the left column.	Chin-Shan Chiang, Jing-Lung Huang, John T. Yu, Han-De Construction Co.,Ltd.	Please refer to the left column.
2,000,000 (inclusive of 2,000,000)-3,500,000(does not contain 3,500,000)	Sean Chao, Robert Hung, Rex Yang	Please refer to the left column	Sean Chao, Robert Hung, Rex Yang	Please refer to the left column
5,000,000 (inclusive of 5,000,000)-10,000,000(does not contain 10,000,000)	Nita Ing	Please refer to the left column	Nita Ing	Please refer to the left column
10,000,000 (inclusive of 10,000,000)-15,000,000(does not contain 15,000,000)				
15,000,000 (inclusive of 15,000,000)-30,000,000(does not contain 30,000,000)	-	-	-	-
30,000,000 (inclusive of 30,000,000)-50,000,000(does not contain 50,000,000)	-	-	-	-
50,000,000 (inclusive of 50,000,000)-100,000,000(does not contain 100,000,000)	-	-	-	-
100,000,000 above	-	-	-	-

<2> Presidents' and vice presidents' remuneration

Unit: thousand NTD

<table>
<tr><th rowspan="3">Job title</th><th rowspan="3">Name</th><th colspan="2">Salary(A)</th><th colspan="2">Severance pay and pensions (B)</th><th colspan="2">Bonus and special allowance(C)</th><th colspan="4">Employees' compensation amount (D)</th><th colspan="2">Percentage of the total of A, B, C and D accounting for income after tax (%)</th><th rowspan="3">Compensation paid to directors from non-consolidated affiliates</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">Companies in Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">Companies in Financial Report</th><th colspan="2">The Company</th><th colspan="2">Companies in Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">Companies in Financial Report</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>CEO</td><td>Joseph Chai (Note)</td><td rowspan="7">40,553</td><td rowspan="7">40,553</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">21,185</td><td rowspan="7">21,185</td><td rowspan="7">5,690</td><td rowspan="7">0</td><td rowspan="7">5,690</td><td rowspan="7">0</td><td rowspan="7">9.11</td><td rowspan="7">9.11</td><td rowspan="7">0</td></tr>
<tr><td>Sr. Vice President</td><td>Wing-Keung Hendrick Lam</td></tr>
<tr><td>Vice President</td><td>R. L. Chiu</td></tr>
<tr><td>Vice President</td><td>Edward Wang</td></tr>
<tr><td>Vice President</td><td>Qiwei Lu</td></tr>
<tr><td>Vice President</td><td>Kevin Liu</td></tr>
<tr><td>Vice President</td><td>Alison Tung</td></tr>
</table>

Note:One leased vehicle and one driver assigned to CEO. The yearly rent for the leased vehicle is NTD 490 thousand and the remuneration paid to the driver is NTD 576 thousand and rental housing costs NTD 2,640 thousand .

Remuneration paid to the president and vice presidents	Name of president and vice presidents: The Company	Name of president and vice presidents: Companies in Financial Report
1,000,000 below	-	-
1,000,000 (inclusive of 1,000,000)-2,000,000(does not contain 2,000,000)	-	-
2,000,000 (inclusive of 2,000,000)-3,500,000(does not contain 3,500,000)	-	-
3,5,000,000 (inclusive of 3,500,000)-5,000,000(does not contain 5,000,000)	-	-
5,000,000 (inclusive of 5,000,000)-10,000,000(does not contain 10,000,000)	Wing-Keung Hendrick Lam, R. L. Chiu, Edward Wang, Qiwei Lu, Kevin Liu, Alison Tung	Wing-Keung Hendrick Lam, R. L. Chiu, Edward Wang, Qiwei Lu, Kevin Liu, Alison Tung
10,000,000 (inclusive of 10,000,000)-15,000,000(does not contain 15,000,000)	-	-
15,000,000 (inclusive of 15,000,000)-30,000,000(does not contain 30,000,000)	Joseph Chai	Joseph Chai
30,000,000 (inclusive of 30,000,000)-50,000,000(does not contain 50,000,000)	-	-
50,000,000 (inclusive of 50,000,000)-100,000,000(does not contain 100,000,000)	-	-
100,000,000 above	-	-
Total	7	7

<3> Employees' bonus paid to management team and allocation

December 31, 2019

	Job title	Name	Stock	Cash (NTD in thousands)	Total (NTD in thousands)	Percentage of the total income after tax (%)
Managers	CEO	Joseph Chai	0	5,690	5,690	0.770
	Sr. Vice President	Wing-Keung Hendrick Lam				
	Vice President	R. L. Chiu				
	Vice President	Kevin Liu				
	Vice President	Qiwei Lu				
	Vice President	Edward Wang				
	Vice President	Alison Tung				

<4> The total remuneration as a percentage of net income paid by the Company, and by each other Company included in the consolidated financial statements, during the past two fiscal years to its directors, supervisors, president and vice presidents and describe the remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Remuneration paid in the most recent two years

Unit: thousand NTD

Job title	The Company		Companies in Financial Report	
	2019	2018	2019	20187
Director remuneration	23,732	33,853	23,732	33,853
Director remuneration percentage of net income after taxes(%)	3.21	2.84	3.21	2.84
CEO and vice president	67,428	61,802	67,428	61,802
CEO and vice president remuneration percentage of net income after taxes(%)	9.11	5.18	9.11	5.18

2. The Company paid to the directors and personnel above the level of vice presidents remuneration policy standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure are as follows:
The relevant remuneration payable by the Company to CEO and vice presidents shall be subject to the resolution of the shareholders' meeting, while the remuneration payable to CEO and vice president shall be subject to Management Rules Governing Salary to maintain the competitive salary and remuneration standards in the market. Meanwhile, it is necessary to take the salary position applicable to the relevant job tanks in the same trade, Company's overall operational performance and personal performance to define the salary portfolio consisting of monthly salary (including base compensation and allowance) and year-end bonus; the principle of this salary policy has been evaluated to be of no risk in the future.

IV. Status of corporate governance implementation

<1> Operation of the board of directors

Board of Directors held 8 meetings in 2019. The attendance of directors in the meetings is specified as follows:

Job title	Name	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance rate (%)	Remark
Chairman	Hao Ran Foundation Statutory Representative:Nita Ing	6	0	100	The corporate director, Hao Ran Foundation Statutory resigned the position of director on November 19, 2019, who attended 6 Board meetings of directors for 6 times.
	Wei Dah Development Co.,Ltd. Representative: Nita Ing	2	0	100	The corporate director, Wei Dah Development Co.,Ltd. assigned Nita Ing as Representative on November 19, 2019, and was elected as the President in the election of Board of Directors on the same day, who attended 2 Board meetings during her tenure.
Director	Hao Ran Foundation Statutory Representative: Chin-Shan Chiang	6	0	100	The corporate director, Hao Ran Foundation Statutory, resigned on November 19, 2019, who attended 6 Board meetings during his tenure.
	Han-De Construction Co.,Ltd. Representative: Chin-Shan Chiang	2	0	100	The corporate director, Han-De Construction Co.,Ltd.assigned Chin-Shan Chiang as the representative on November 19, 2019, who attended 2 Board meetings of directors during his tenure. Jiang Jin-Shan
Director	Han-De Construction Co.,Ltd. Representative:Jing-Lung Huang	5	3	63	The directors shall attend 8 Board meetings of directors.
Director	Han-De Construction Co.,Ltd. Representative: John T. Yu	8	0	100	
Independent Director	Robert Hung	8	0	100	
Independent Director	Rex Yang	8	0	100	
Independent Director	Sean Chao	8	0	100	
Director	Han-De Construction Co.,Ltd. Representative: Tzu Wei Lee	6	0	100	The corporate director resigned after assigning Chin-Shan Chiang as the representative on November 19, 2019, who attended 6 Board meetings during his tenure.
Director	Wei Dah Development Co.,Ltd. Representative:Tsai-Der Chen	6	0	100	The corporate director resigned after assigning Ms. Nita Ing as the representative on November 19, 2019, who attended 6 Board meetings.

Other matters to be recorded:

In 2019, the Board of Directors held 8 meeting, and all independent directors were present with an attendance rate of 100%.

As of the publication date, the Board of Directors held 2 meeting in 2020. All Independent directors attended in person with the attendance rate of 100%.

1. Provisions of Article 14-3 of Securities and Exchange Act

Date of Meeting	Name of Meeting	Major Resolutions	Implementation
March 14, 2019	The sixth meeting of the 16^{th} Board of Directors	1. Removal of director's non-compete limit 2. The directors' compensation in 2018	All directors were present and the resolution was approved.
April 18, 2019	The seventh meeting of the 16^{th} Board of Directors	Removal of director's non-compete limit.	
August 8, 2019	The ninth meeting of the 16^{th} Board of Directors	The Company provided a guarantee for the loan line of its subsidiary, TSRC (Vietnam) Company Limited to the bank.	
November 12, 2019	The tenth meeting of the 16^{th} Board of Directors	1. Appointment of Certified Public Accountant for 2020 Financial Statements Audit 2. The case that the Company provides guarantee for the financing and foreign exchange limit of the reinvestment company, Arlanxeo-TSRC, and the bank	

2. In addition to the previous events, other resolutions made by the Board of Directors that the Independent Directors opposed or reserved with a record or written statement: There were no resolutions that the Independent Directors opposed or reserved in 2019.

3. Implementation of Director's evasion of interest resolutions:
In the sixth and seventh Board meetings of the sixteenth Board of Directors, the directors have evaded themselves when removing the director's non-compete limit.

<2> Operation of the Audit Committee

1. There are 3 members in the audit committee of this Company.
2. The Audit Committee convened a total of 6 meetings in 2019. The presence and attendance of the Independent Directors is as follows:

Job title	Name	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance rate (%)	Remark
Independent Director (Convener)	Robert Hung	6	0	100	6 attendances is provided in 2019.
Independent Director	Rex Yang	6	0	100	
Independent Director	Sean Chao	6	0	100	

Other matters to be recorded:

1. Provisions of Article 14-5 of Securities and Exchange Act

Date of Meeting	Name of Meeting	Major Resolutions	Implementation
March 14 , 2019	The sixth meeting of the 16^{th} Board of Directors	1. Preparation of the 2018 financial report of the Company 2. The 2018 business report of the Company 3. The 2018 surplus appropriation of the Company 4. The 2018 statement of internal control system	After the review of all the present members of the Audit Committee on March 7, 2019, the cases were submitted to the Board of Directors for resolution
August 8, 2019	The ninth meeting of the 16^{th} Board of Directors	The Company provides the credit limit of guarantees on the bank loans of TSRC (Vietnam) Company Limited	After the review of all the present members of the Audit Committee on August 8, 2019, the cases were submitted to the Board of Directors for resolution.
November 12, 2019	The tenth meeting of the 16^{th} Board of Directors	1. Appointment of certified public accountant for 2020 financial statements audit 2. The case that the Company provides guarantee for the financing and foreign exchange limit of the reinvestment company, Arlanxeo-TSRC, and the bank	After the review of all the present members of the Audit Committee on November 5, 2019, the cases were submitted to the Board of Directors for resolution.

2. Other resolutions that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None
3. Implementation of Director's evasion of interest resolutions: None
4. The communication among the Independent Directors, the internal audit director and the accountant:
   (1) The audit supervisor shall submit the audit report to the Independent Directors on a regular basis, and attend the audit committee meeting to report the audit. Follow up deeply and provide suggestion for management improvement based on the opinions of the Audit Committee.
   (2) The certified public accountant of the Company shall attend the Audit Committee Meeting to not only provide detailed explanation of the audit results of quarterly and annual financial reports, but also offer descriptions of corporate governance recommendations and related law updates. The audit committee members shall also consult accountant for professional opinions of the accounting and accounting related issues through the finance director.

<3> Status of implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for any departure

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
1. Has the Company abided by the" Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" to formulate and disclose the corporate governance best practice principles?		√	The Company has referenced the regulations in Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and formulated regulations in relevant guidelines of the Company to implement and promote corporate governance.	Considering the actual operation of corporate governance; referencing the regulations in those guidelines; formulate relevant regulations of the Company. The Company will update relevant regulations based on the laws if necessary.
2. Equity structure and shareholders right (1) Has the Company formulated internal SOP for handling shareholders' suggestions, doubts, disputes, litigations and implemented them according to the SOP?		√	(1) The Company has considered the operational needs. The Company's website provides the window for relevant matters of shareholders currently to handle suggestions, doubts, disputes and litigation matters of the shareholders. In addition, there are relevant functional departments for handling the suggestions, doubts, disputes and litigation matters of the shareholders.	Considering the actual operations. There are relevant departments responsible for handing relevant matters of shareholders.
(2) Does the Company hold a list of the Company's key shareholders and their ultimate controllers?	√		(2) Disclose the list of main shareholders in the Company and their ultimate controllers in accordance with the law	No difference
(3) Has the Company established and implemented risk control and firewall mechanism with its affiliated companies?	√		(3) There is a clear distinction and proper firewall mechanism established for the management goal and responsibilities of personnel, assets and finance between the Company and affiliates. In addition, the audit unit implements measures for internal audits and internal control to ensure the risk control, management and law compliance.	No difference
(4) Has the Company stipulated internal regu- lations prohibiting inside personnel trading securities using information that has not yet been disclosed on the market?	√		(4) Formulate guidelines for ethical behavior and regulations for the execution of public affairs and promote relevant regulations actively.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
3. The organization of the Board of Directors and their duties (1) Has the board formulated diverse guidelines for different groups and implemented them accordingly?	√		(1) The Board of Directors of the Company adopted plans of diverse directions in accordance with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and the industrial type and operational needs. The Board of Directors is composed of 9 directors. Three of which are independent directors. Corporate governance can be enhanced, and the function of Board of Directors can be implemented effectively with the rich professional experiences of all directors and the opinions provided on business management.	No difference
(2) Besides creating the Remuneration Committee and the Audit Committees according to the law, has the Company voluntarily established other functional committees?		√	(2) Considering the needs of business operations, the Company has set up functional committees such as Audit Committee and Remuneration Committee.	Considering the management of business operations, the Company will not set up other functional committee for now.
(3) Does the Company formulate the Regulations for the Performance Evaluation of the Board of Directors and its evaluation method? Does the Company conduct performance evaluations regularly every year, and submit and report the results of the performance evaluations to the Board of Directors, and take the results as a reference for the compensation and nomination renewal of individual directors?		√	(3) In 2020, the Company will formulate the regulations for performance evaluation of Board of Directors in accordance with "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers", and the results of the annual performance evaluation will be submitted and reported to the Board of Directors, which shall be a reference for nomination of renewal directors.	The formulation of regulations shall be completed by the end of 2020 based on the provisions of the competent authority.
(4) Does the Company evaluate accountant independence on a regular basis?	√		(4) Appointing a certified public accountant, the Company shall submit the independence evaluation report of the accountant to the Board of Directors for resolution before the appointment.	No difference
4. Do TWSE / TPEx listed companies allocate qualified and appropriate number of corporate governance personnel, and designate corporate governance directors who are responsible for matters related to corporate governance (including but not limited to providing the information that the director and supervisors require to perform their business, assisting the directors and supervisors in handling matters related to Board meetings and shareholders meeting according to laws and regulations, making meeting minutes of Board meetings and shareholders meetings, etc.)	√		According to the provisions of the "Corporate Governance Best Practice Principles for TWSE / TPEx Listed Companies", the Company has set up relevant units to be responsible for corporate governance, allocate appropriate corporate governance personnel, and designate the corporate governance supervisors in time pursuant to the laws in the future.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
5. Does the Compan y maintain channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers) and designate a stakeholders section on its website as well as properly respond to critical corporate social responsibility issues that stakeholders are concerned with?	√		The Company's relevant business departmental personnel will keep in touch with stakeholders. The supervisory management of the board of directors will take care of the stakeholders' opinion.	No difference
6. Has the Company commissioned professional securities institutions to handle the shareholders' meetings?	√		We commissioned SinoPac Holdings to handle the shareholders' meeting.	No difference
7. Disclosures (1) Does the Company set up a website to disclose financial business and corporate governance?	√		(1) We provide Chinese and English language models on the Company Website to regularly disclose related information and annual reports of the Company, and major information will be announced by the spokespersons of the Company according to the laws.	No difference
(2) Does the Company also adopts other means for disclosure. (i.e. English web site, personnel dedicated to collect and disclose Company information, establishment of a spokesperson policy, disclosure of the process of investor conference on Company web site, etc.)	√		(2) In order to enhance the information transparency and services to investors, including adding financial information via properly utilizing public information systems and the official website of TSRC and implementing speaker systems, TSRC holds investor conferences annually and live streams important message to shareholders.	No difference
(3) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second and third quarter financial reports and operating conditions of each month before the limitation date provided?		√	(3) Taking into account the time and actual operation of the accountant audit operation of the Company, we announced and reported the annual financial report within the period provided by the acts. In the future, we will announce and declare the first, second and third quarter financial reports and the operating conditions of each month according to the operation planning.	Financial statement shall be announced within legal period, and the actual time may be adjusted in the future if necessary.
8. Is there any other important information that will facilitate the understanding of the Company's corporate governance operations (including but not limited to employee rights, employee care, investor relations, sup plier relations, stakeholders' rights, further education of directors and supervisors, implementation of risk management policy and risk evaluation standards, client policy implementation, Company's liability insurance for its directors and supervisors and so on)?	√		The Company has formulated relevant important regulations, such as “Regulations on the authority of the Board of Directors”, “Distribution table of responsibilities on the business of TSRC”, “Regulations on the management of levels of responsibilities” to clearly define the authorized rights of the Board of Directors and understand the distribution of responsibilities between the Board of Directors and managers and the management and control of all risks.	No difference
9. Please indicate the improvement in respect to the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation · and propose priority enhancements and measures for those which have not improved. (A) The improvement: 1. Upload the shareholder meeting information in advance; 2. Complete the annual advanced study hours for all directors; 3. Disclose the major information in Chinese and English; 4. Formulate the "Standard operating procedures for handling directors' requirements"; 5. More than half of the directors attended the shareholders' meeting. (B) Enhanced improvement: to formulate "The regulations for performance evaluation of the Board of Directors" and the results of the annual performance evaluation will be submitted within a prescribed period.				

<4> Information on Compensation Committee:

The major duties of the Remuneration Committee:

1. Stipulate and periodically review the performance evaluation of the directors and managers as well as the policy, system, standards, and structure of the remuneration.
2. Periodically evaluate and stipulate remuneration for directors and managers.

(a) Information on Compensation Committee

The identity		Independent Director	Independent Director	Independent Director
		Robert Hung	Sean Chao	Rex Yang
Whether they possess work experience of more than five years and the following professional qualifications	At least lecturers of business, law, finance or accounting departments or other relevant departments/divisions required by the Company's business of public and private colleges/universities			
	Judges, prosecutors, attorneys, CPAs, or other professional and technical personnel possessing licenses after passing national examinations as required by the Company's business			
	Experience in business, law, finance and accounting,and other work required by the Company's business	√	√	√
Compliance with the circumstances for independency	(1)	√	√	√
	(2)	√	√	√
	(3)	√	√	√
	(4)	√	√	√
	(5)	√	√	√
	(6)	√	√	√
	(7)	√	√	√
	(8)	√	√	√
	(9)	√	√	√
	(10)	√	√	√
Number of other public companies in which he/she assumes an independent director concurrently		1	1	0
Remarks				

Note1: For the identity, please fill in directors, independent directors or others.

Note2: Please tick " √ " in the following blank boxes, if the member meets the following conditions within two years prior to the appointment and in the duration of the appointment.

(1) Who are not employees of the Company or its affiliates;
(2) The persons who are not the directors and supervisors of the Company or its affiliates (The regulation do not subject to the limitation to the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent company or subsidiary or a subsidiary of the same parent company).
(3) Who are not directors/supervisors, or the directors'/supervisors' spouses or minor children, or natural person shareholders who possess more than 1% of the Company's total issued shares in the name of another person, or top ten natural person shareholders
(4) Managers who are not listed in (1) or the persons who are not the spouse, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship of the listed staff in (2), (3).
(5) A director, supervisor, or employee of a corporate shareholder that do not directly hold 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2 of Article 27, of the Company Act.(The regulation do not subject to the limitation to the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent

company or subsidiary or a subsidiary of the same parent company).

(6) If a majority of the company's director seats or voting shares are not controlled by the same person who is a director, supervisor, or employee of that other company. (The regulation do not subject to the limitation to the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent company or subsidiary or a subsidiary of the same parent company).

(7) If the chairperson, general manager, or person holding an equivalent position of the company are not the same person or are not spouse who is a director (or governor), supervisor, or employee of that other company or institution. (The regulation do not subject to the limitation to the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent company or subsidiary or a subsidiary of the same parent company).

(8) If a director, supervisor, manager, or shareholder holding five percent or more of the shares, of a specified company or institution that doesn' t have a financial or business relationship with the company. (Subject to the specified company or institution holding the Company' s shares more than 20% and less than 50%, the regulation do not subject to the limitation to the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent company or subsidiary or a subsidiary of the same parent company).

(9) A professional individual, or an owner, partner, director, supervisor, or manager and their spouses of a sole proprietorship, partnership, company, or institution that doesn' t provide auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000. ; But this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Who are free from any of the circumstances referred to in Article 30 of the Company Act;

(b) Information on Remuneration Committee

1. There are 3 members in the Remuneration Committee of the Company.
2. After the company's Board of shareholders held the directors' reelection on June 21th, 2018, the term of the 16th committee members shall be from June 21th 2018 to June 20th, 2021.
3. The 16th Remuneration Committee held 3 meetings in 2019. The attendance of members in the remuneration committee meetings is specified as follows:

Job title	Name	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance rate (%)	Remark
Independent Director (Convener)	Sean Chao	3	0	100	The total number of meetings in their duration is 3.
Independent Director	Robert Hung	3	0	100	
Independent Director	Rex Yang	3	0	100	

Other matters to be noted:

1. Where the Board of Directors does not adopt or revise the recommendation from the Remuneration Committee, the minutes of the meeting shall specify the date and term of the directors' meeting, content of the issue, resolution of the directors' meeting, and the disposition on the opinion from the Remuneration Committee by the Company (where the remuneration approved by the Board of Directors is superior to the recommendation from the Remuneration Committee, the difference and reasons shall be specified): none.
2. If, with respect to any resolution of the remuneration committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, the minutes of the meeting shall specify the date and term of the meeting of the Remuneration Committee, content of issues, opinions of all members, and disposition on the opinions of members: none.

<5> Fulfillment of social responsibility

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
1. Does the company carry out risk assessments of environmental, social and corporate governance related to the company's operations in accordance with the materiality principle, and establish relevant risk management policies or strategies?	√		The Company performs risk management through existing departments or functional units in the organization, and based on external issues, including economic / environmental / social aspects, identifies risks / events that may have an impact on business objectives. After evaluating, the Company determines appropriate response measures to mitigate, transfer or avoid risks. Each functional department of the Company reports the risk environment, main points of risk management, risk assessment and response measures to the management level in accordance with the evaluation operation of internal control system and management system review every year, and then the audit unit reports regularly to the audit committee, which gives opinions on the risk assessment and impact, and reports to the Board of directors.	No difference
2. Has the Company established a dedicated (part-time) unit for CSR, which is managed by senior executives and authorized by the board of directors, and reports to the board of directors?	√		The organizational structure of CSR is as follows:five committees, "Promotion Secretariat" and "Corporate Governance Committee", "Employee Care Committee", "Environment Protection and Energy Saving Committee", "Outgoing Communication Committee", "Social Care Committee" are under Steering Committee lead by the CEO to face the management indexes in economy, environment and society related to the control of social responsibilities of enterprises actively. CSR promotion secretariat collects the performance and opinion every year and report to CSR guidance committee and then the CEO will report the performances and future strategies to the Board of Directors.	No difference
3. Environmental Issues: (1) Has the Company established an environmental management system according to the industry characteristics?	√		The Company's ISO 14001 Environmental Management System / ISO 50001 Energy Management System / QC 080000 (Hazardous Substances Process Management System) are still in effective operation. (Please refer to the 2018 Corporate Social Responsibility Report "Corporate Social Responsibility ---Environment")	No difference
(2) Does the Company contributed to improving the utilization of all resources and used recycled material that brought minimum load to the environment.	√		For the production process, TSRC introduces the principle of "maximizing the utilization of energy and resources." TSRC tries to minimize the consumption of energy and resources required in production by improving the design of the production process and efficiency, and recycling raw materials, as well as to continue to develop and produce new green products. For the use of fuels for furnaces, TSRC also uses natural gas to replace fuel oils in order to reduce pollution.	No difference
(3) Does the Company assess the potential risks and opportunities caused by the climate change now and in the future, and take measures to respond to climate-related issues?	√		The Company performs risk management through existing departments or functional units in the organization, and based on external issues, including economic / environmental / social aspects, identifies risks / events that may have an impact on business objectives. After evaluating, the Company determines appropriate response measures to mitigate, transfer or avoid risks. The Company has long been concerned about climate change issues, and has actively promoted water conservation measures by increasing the process wastewater recovery rate and capacity allocation, etc., to respond to global climate change and the related water shortages.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
(4) Does the company count the total amount of greenhouse gas emissions, water consumption and waste in the past two years, and establish policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management policies?	√		1. The Company established dedicated environmental management organization in accordance with the law, with dedicated environmental management staff in charge of air pollution, waste water, waste and toxic materials. 2. In terms of greenhouse gas reduction planning, the Company supports the national reduction targets and follows relevant authorities' policies to pass ISO 14064-1 (greenhouse gas inventory) verification in the year of 2011, 2013, and 2015-2019, and has registered on "National Greenhouse Gas Platform"; the Company is the first batch of industries that should report greenhouse gas emissions based on the announcement of the Environmental Protection Agency, and has completed the 2018 greenhouse gas inventory verification in June 2019. 3. Currently, the Environmental Protection Agency of the Executive Yuan has formally issued the "Guidelines for Greenhouse Gas Phase Control Objectives and Control Methods" on March 28, 2017. The first-phase control targets are from 2016 to 2020; For the current first-phase control targets, the Environmental Protection Agency uniformly allocates different reduction quotas to different ministries under the Executive Yuan (The factory is currently planned under the Industrial Bureau of the Ministry of Economic Affairs), and requires that greenhouse gas emissions in 2020 be reduced by 2% compared to the base year (2005). In recent years, the reduction measures performed by our factory have reduced greenhouse gas emissions by about 15-17% compared with the base year, which meets the requirements of regulations. 4. Regarding the carbon/water trace of the product, three representative verification of ISO/DIS 14067 (carbon trace of the products) and water trace of the products are approved in 2012; in addition, the Company gets hold of the accounting ratio of greenhouse gas in each stages of product life cycles through the construction of carbon/water trace verification system and seeks for the opportunities for carbon reduction. Moreover, the Company selects low-carbon raw materials and parts during product production or development to reduce the burden of the environment. 5. To continue relevant measures of energy saving and carbon reduction, ISO 50001 energy management system was built in 2013 and SGS certification is approved. Energy efficiency is increased, operational costs are reduced, and the emission of greenhouse gas is reduced continuously from 2014 to 2019. High energy consumption equipment and processes are improved through energy management system and external verification of energy management system is completed continuously every year. In the future, the system can help the Company to analyze the usage and consumption status of energy and seek for recognition of improvement opportunities. 6. The company's annual information on the total amount of greenhouse gas emissions, water consumption and total weight of waste are disclosed in the annual corporate social responsibility report. The Company's ISO 14001 Environmental Management System / ISO 50001 Energy Management System / QC 080000 (Hazardous Substances Process Management System) are still in effective operation. The Company sets up specific energy management methods and targets, and fulfills its environmental responsibility through auditing, training and communication. In terms of greenhouse gas emissions, establish a standard procedure for greenhouse gas verification and conduct greenhouse gas inventory. As for water resources, promote a systemic water-saving and recycling plan, and perform various water-saving measures to achieve water-saving goals. In addition, in order to effectively control various business wastes, the Company formulates reporting and tracking management methods for business wastes, establishes a strict classification and recycling system, performs removal, treatment or reuse of the wastes in accordance with local environmental protection laws and regulations, and then reports and confirms the operational status of business wastes within the time limit. Through ISO 14001 management system, continuously reduce waste and waste sludge.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
4. Social Issues (1) Does the Company establish relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	√		The Company uses the Labor Standards Act and related labor laws as the basis for formulating employee attendance, leave and overtime management regulations. Strict rules are enforced to prohibit forced labor, and all regulations are clearly documented in the CSR manifesto.	No difference
(2) Does the Company establish and perform reasonable employee welfare measures (including payment, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee payment?	√		The Company ensures reasonable payment and remuneration through the remuneration committee and payment management measures, and links the related performance with the performance evaluation system to reflect the remuneration.	No difference
(3) Does the Company provide the employees with safe and healthy working environment and carried out regular training courses regarding safety and health of the employees.	√		The Company executed relevant operations in accordance with occupational safety and health act. Environment monitoring are performed every half year to clarify status of personnel exposure while conducting leveled management at the same time. Relevant educational training of occupational safety and health are implemented every year to promote the knowledge of employee safety and health.	No difference
(4) Has the Company created an effective vocational skill development and training program?	√		The policy and direction of education and training strive to boost employee work skills and competiveness in order to respond to changes in the future market and environment. Every year, the annual education and training program is devised according to the internal employee training regulation, Company's management guideline, organizational demand and relevant laws, where new employee and current employee general knowledge, professional skill, management competency, qualification and certification are organized. Furthermore, the goal of "lifelong learning" is materialized through internal and external training.	No difference
(5) Has the Company stipulated policies and complaint filing protocols to protect the consumers' rights throughout the R&D, procurement, production, operations and service process?	√		The customers whom the Company faces are not the end consumers, but the downstream manufacturers. Through annual interactive seminars and interviews (email, telephone interview, questionnaire and so on), we are able to ensure the health and safety of our clients when using our products. Quality assurance convenes related units to conduct the survey, analyze the cause and examine the response method in order to propose appropriate solutions. The cause of the customer complaint and solution are compiled to form an investigation report according to the handling method of various customer complaints in order to quickly resolve the problem of quality and hazardous substance free product deliveries. In addition, the Company sets up, "mail box for social responsibilities of enterprise" (csr.admin@tsrc.com) and special zones for stakeholders to communicate with all kinds of stakeholders and give feedbacks.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
(6) Does the Company establish a supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their performing status?	√		When selecting new subcontractors, assessments on quality and supply capability shall be considered. New subcontractors are also required to sign the Supplier Code of Conduct of TSRC Corporation or provide Enterprise Social Corporate Responsibility Report of the company as well as filling out CSR assessment form to ensure the CSR work effectiveness. Moreover, subcontractors offering raw materials are required to provide quality assessment on HSF(hazardous substance free) to ensure the environment safety in the raw materials supply. If the following circumstances, such as significant improper quality, abnormal HSF quality, late delivery, severe violation of industrial safety regulations or significant CSR deficiencies (media disclosure) which are not improved within a year, happen to qualified suppliers and cause an impact on the production, quality, HSF quality or CSR image of the Company, such supplier shall be suspended for supply if these deficiencies are not reviewed and improved.	No difference
5. Does the Company refer to internationally accepted reporting standards or guidelines for compiling corporate non-financial information reports, such as on corporate social responsibility? Does the previous released report obtain the assurance of the third-party verification unit?	√		The Company's CSR report was written under the GRI Standards and obtained third party TUV NORD AA1000 verification.	No difference
6. Has the Company established the CSR implementation policy according to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, describe the difference between the actual implementation and the regulations of the Principle:The Company established CSR guidance committee in 2010 and promoted comprehensive CSR operations and executed them in accordance with "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies".				
7. Other important in formation that is helpful to understand the operation of CSR : 1. Engaged external consultants with implementation and promotion of CSR. 2. Participating in the Taiwan Responsible Care Association and Chemical Awareness and Emergency Response Association, Taiwan, fulfilling member obligations and ensuring the safety and health of the community/society. 3. Through the association of companies in the industrial sector, the Company continues to promote neighboring and community support development events. 4. In terms of pipeline maintenance management and participation in the operation of the affiliated organizations, continue to perform in accordance with regulations to ensure the safe operation of the pipeline, and protect the public safety of the citizens and employees in the nearby underground industrial pipelines. 5. Results of the implementation of corporate social responsibility (1) Economic side: Implement the requirements relating to corporate governance, announce the various ways and channels of communication for all interested parties on TSRC's official website (2) Environmental side: The Company continues to reduce waste, save energy, improve and refine the production process through the implementation and execution of all management systems, and wishes to establish and produce environmentally friendly production processes and products. (3) Social side: By using the locations of factories as the basis, the Company gradually establishes the social care map. Through social participation and helping disadvantaged groups, the Company also continues to promote chemical educational programs in rural areas and applies products along with suppliers for social care. We expect to fulfill CSR through diverse charity events.				

<6> Fulfillment of Ethical Corporate Management

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
1. Define the program for operation in good faith (1) Does the Company clearly state the policy and the practice of ethical corporate management in the regulations and external documents when formulating the ethical corporate management approved by the Board of Directors, and do the board of directors and senior management level actively implement the ethical corporate management policy? (3) Does the Company establish an evaluation mechanism for the risk of dishonesty behaviors, regularly analyzes and evaluates business activities with a higher risk of dishonesty behaviors in the business scope. Based on the mechanism, does the Company formulate a plan for preventing dishonesty behaviors, at least covering the preventive measures in the second paragraph of Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies?" (3) Does the Company clearly set up the operating procedures, behavior guidelines, punishment and appeal system for violations in the plan of preventing dishonesty, implement it, and regularly review and revise the above-mentioned plan?	√ √ √		1. All of the Company's directors and employees complied with the "Ethical Code" and "Code of Professional Conduct" promulgated by the Company when performing their duty. Meanwhile, the Company also highlighted its determination to fulfill the operation in good faith in its enterprise cultural declarations about enterprise mission, enterprise view and core competency, and expressly defined the disciplinary procedure for violations in said codes in accordance with the Company's "Reward & Punishment Policy". 2. Aforementioned regulations are the responsibilities of the Company's board of directors secretariat and Human Resources & Management Department department.	No difference
2. Fulfillment of operation in good faith (1) Has the Company assessed the ethical record of its partners and stipulated the ethical behavior clause in the contract? (2) Does the company have a dedicated unit to promote ethical corporate management under the Board of Directors, and regularly (at least once a year) report to the Board of Directors about its policy on ethical corporate management, plans to prevent dishonesty and monitor implementation? (3) Has the Company stipulated policies to prevent the conflict of interest, provided adequate complaint channel and ensured of its proper implementation? (4) Does the Company establish an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal auditing system. Based on the results of the assessment of the risk of dishonesty behaviors, the audit unit should draw up relevant audit plans, and based on it, check if the plan of preventing dishonest behavior is followed, or commission an accountant to perform the check? (5) Has the Company regularly organized internal and external education and training concerning ethical management?	√ √ √ √ √		1. We make sure that we only conduct business with qualified suppliers through the "Supplier Evaluation and Management Regulation", and we announce our stance on refusing to collaborate with unethical companies to our suppliers when enquire for quotation. 2. All of the Company's directors and employees complied with the "Ethical Code" and "Code of Professional Conduct" promulgated by the Company when performing their duty. Meanwhile, the Company also highlighted its determination to fulfill the operation in good faith in its enterprise cultural declarations about enterprise mission, enterprise view and core competency, and expressly defined the disciplinary procedure for violations in said codes in accordance with the Company's "Reward & Punishment Policy" 3. Our Company has developed annual audit plan each year to audit the accounting system of the Company and the operation of internal control system.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
3. Status of the Company's reporting mechanism. (1) Has the Company stipulated a specific reporting and reward system, established a convenient reporting channel and assigned appropriate personnel to the accused? (2) Does the Company establish standard operating procedures of investigations to receive reports, follow-up measures after the investigation is completed, and related confidentiality mechanisms? (3) Has the Company taken measures to protect the reporter from being wrongfully treated?	 √ √ √		The Company adopted relevant regulations and channels based on the "Regulations Governing Employee Complaints Management" and employee opinions gathered from the intranet (EIP), furthermore, the "Reward and Punishment Regulation" also stipulates procedures for the reporting and punishment of violations.	No difference
4. Enhance the disclosure of information (1) Has the Company disclosed the performance of its ethical management on the Company website and the MOPS?	√		The internal website of our Company, EIP, has disclosed "Regulations for the execution of working affairs" to provide all employees guidelines to follow.	No difference
5. If the Company has defined its ethical corporate management practice in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please state the operation thereof and difference between the Principles and the practice defined by the Company: The Company executed the operation in accordance with the "Ethical Code" and "Code of Professional Conduct", and there is no difference between them and said Principles.				
6. Any other important information helpful to comprehend the Company's operation in good faith :None.				

<7> Stipulation of Corporate Governance Best Practice Principles and related regulations

The Company has currently adopted the "Code of Ethical Conduct," "Articles of Incorporation," "Rules for Procedure for hareholders Meetings," "Rules of Procedure for Board of Directors Meetings," "Rules for Director Election," "Procedures for the Handling Acquisition and Disposal of Assets," "Procedures for Extending Loan to Others," "Procedures for Granting Endorsements and Guarantees," and so on. For more information, please visit our website (http://www.tsrc.com.tw).

<8> Other significant information the will provide a better understanding implementation of corporate governance.

1. Advanced study of directors/supervisors

Job title	Name	Date of advanced study	Hosted by	Programs	Hours
Chairman	Nita Ing	November 22, 2019	Securities & Futures Institute	Management structures of parent company and subsidiary and related function division and the directors' and supervisors' responsibilities.	3
			Securities & Futures Institute	The response strategies of the enterprises and individuals to face the implementation of the Economic Substantive Act and global all tax avoidance.	3
Director	Chin-Shan Chiang	November 22, 2019	Securities & Futures Institute	Management structures of parent company and subsidiary and related function division and the directors' and supervisors' responsibilities.	3
			Securities & Futures Institute	The response strategies of the enterprises and individuals to face the implementation of the Economic Substantive Act and global all tax avoidance.	3

Job title	Name	Date of advanced study	Hosted by	Programs	Hours
Director	Jing-Lung Huang	December 16, 2019	Securities & Futures Institute	Discussions of casesinvolving enterprise financial statements fraud	3
		December 20, 2019	Securities & Futures Institute	Digital Resilience Practice - Emergency measures for Directors, supervisors and Senior Executives.	3
Director	John T. Yu	May.03, 2019	Taiwan Corporate Governance Association	The new trend of sustainable decision - Task Force on Climate-related Financial Disclosures.	3
		August 02, 2019	Taiwan Corporate Governance Association	Offensive and defensive battles for the protection of the trade secrets.	3
Independent Director	Robert Hung	September 27, 2019	Taiwan Corporate Governance Association	Corporate social responsibility and sustainable competitiveness.	3
			Taiwan Corporate Governance Association	How do the directors and supervisors supervise the company to have good corporate risk management?	3
		November 22, 2019	Securities & Futures Institute	Management structures of parent company and subsidiary and related function division and the directors' and supervisors' responsibilities.	3
			Securities & Futures Institute	The response strategies of the enterprises and individuals to face the implementation of the Economic Substantive Act and global all tax avoidance.	3
Independent Director	Sean Chao	November 06, 2019	Securities & Futures Institute	Discussions of cases involving enterprise financial statements fraud	3
		November 12, 2019	Taiwan Corporate Governance Association	The impacts and responses of the enterprise operations to the latest international tax law changes	3
		November 12, 2019	Securities & Futures Institute	The response strategies of the enterprises and individuals to face the implementation of the Economic Substantive Act and global all tax avoidance.	3
Independent Director	Rex Yang	November 22, 2019	Securities & Futures Institute	Management structures of parent company and subsidiary and related function division and the directors' and supervisors' responsibilities.	3
			Securities & Futures Institute	The response strategies of the enterprises and individuals to face the implementation of the Economic Substantive Act and global all tax avoidance.	3

2. Procedures for handling material inside information

The Company specially adopted "Procedures for handling materials inside information" to establish sound mechanisms for the handling and disclosure of material inside information and announced in public. These procedures shall apply to all directors, supervisors, managerial officers, and employees of the Company, any other person who acquires knowledge of the Company's material inside information due to their position, profession, or relationship of control shall comply with the applicable provisions of these procedures. The Company conducted educational campaigns to promote awareness with respect to these procedures and related laws and regulations.

<9> Implementation of the Company's internal control system

1. A statement of Internal Control

TSRC Corporation

A statement of Internal Control

Date: March 17, 2020

In accordance with the result of self-evaluation of the internal control system in 2019, the Company hereby declares as follows:

1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and managerial officers, and that the Company has already established such a system. The purpose is to provide reasonable assurance regarding the achievement of objectives such as the effectiveness and efficiency of business operations (including profitability, performance, and security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and by laws.
2. There is limitation inherent to internal control system, no matter how perfect the design is. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the Company features the self-monitoring mechanism. Once identified, any shortcomings will be corrected immediately.
3. The Company judges the effectiveness of the internal control system in design and enforcement in accordance with the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "the Criteria") promulgated by the Securities and Futures Commission of the Ministry of Finance. The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control system. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control is composed by five elements, namely, 1. Control Environment 2. Risk Evaluation 3. Control Operation 4. Information and Communication and 5.Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the Criteria for detail.
4. The Company has adopted the above criteria for the internal control system to assess the effectiveness of the design and operation of its internal control system.
5. In accordance with the aforesaid evaluation result, the Company believes that the internal control system as of December 31, 2019 (supervision and management over subsidiaries), including understanding the effect of operation, the attainment rate and report of the efficiency goal are reliable, timely, and transparent, and the design and implementation of the internal control system are in compliance with the regulations and effective and reasonably ensure the attainment of the aforesaid goals.
6. This statement of declaration shall form an integral part of the annual report and prospectus on the Company and will be announced. If there is any fraud, concealment and illegal practice discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.
7. This statement of declaration has been approved by the Board on March 17, 2020 with presence of 7 directors at unanimous consent.

TSRC Corporation

Chairman: Nita Ing

CEO: Joseph Chai

2. Hiring CPA to carry on a special audit of the internal control system: No

<10> In the recent year and as of the date of publication of the annual report, the Company and its internal personnel were punished according to law, or the Company punished its internal personnel for violating the provisions of the internal control system. The consequences of the punishment may have a significant impact on shareholders' equity or securities prices: no.

<11> The important resolutions made by shareholders' regular meetings and board of directors' meeting in 2019 and until the annual report being published.

1. The important resolutions made by shareholders' regular meetings in 2019	The status of implementation
Recognize the company's 2018 annual business report and financial statements	Resolution passed
Recognize the company's 2018 disposition of net profit	The resolution of the Board of Directors set September 7, 2019 as the ex-dividend date. Cash dividends of NTD 0.98 per share will be distributed, and paid on September 25, 2019.
Approve of the amendment of "Article of Association"	Resolution passed. Registered with the competent authority on June 25, 2019.
Approve of the amendment of "Handling Procedures of Acquisition or Disposition of Assets"	Resolution passed. The implementation has been completed in accordance with the resolution of the shareholders meeting.
Lift the restrictions on directors' non-competition agreement	Take effect after the resolution of the shareholders meeting.

2. Important resolutions made by board of directors' meetings	
Date	Important resolutions
August 08, 2019	The resolution passed the cash dividend ex-dividend date and payment date. The resolution passed the Board of Directors' authorization to dispose of Taiwan High-speed Railway corporation holdings.
November 12, 2019	The Company makes the announcement in accordance with Article 25 (1) (4) of the " Criteria Governing Loans of Funds and Guarantees by Public Companies".
November.19, 2019	The Company's corporate director resigned, the corporate director reassigned a representative, and chairman by-election was held.
March 17, 2010	The resolution passed issues related to the annual shareholders' meeting of 2019. The resolution passed the disposition of net profit of 2019.

<12> Whether any director or supervisor has shown dissent against any important resolution made by the Board of Directors, which is also included in a written statement or recorded resolution in 2018 and until the annual report being published : None

<13> In the year of 2019 and as of the date of publication, the resignation and dismissal of the Company's chairman, chief executive officer, chief of accountant, chief financial officer, chief of internal audit, chief of corporate governance and chief of research and development:

The 16th former Chairman of the Company was Nita Ing, a representative of the Hao Ran Foundation Statutory, a corporate director. Due to Hao Ran Foundation resigned as a director on November 19, 2019, the Company held a Chairman by-election in the Board of Directors meeting,Nita Ing, a representative of the Wei Dah Development Co.,Ltd., was elected as the Chairman.

V. Information on CPA professional fee

<1> Information about audit fee and non-audit fee paid to CPA and accounting firms

Unit: thousand NTD

Name of the accounting firm	Name of the CPA	Audit fee	Non-audit fee					CPA's audit period	Remarks
			System design	Industrial & commercial registration	Human resource	Other	Subtotal		
KPMG Taiwan	Po Shu Huang Ming Hung Huang	5,630	0	0	0	140	159	January 1, 2019 to December 31, 2019	Other items of non-audit public fees are mainly audited/certified fee deducted from business tax directly

	Escalation of Professional fee \ Items	Audit fee	Non-audit fee	Total
1	2,000,000 below		√	
2	2,000,000 (inclusive of 2,000,000)-4,000,000			
3	4,000,000 (inclusive of 4,000,000)-6,000,000	√		
4	6,000,000 (inclusive of 6,000,000)-8,000,000			√
5	8,000,000 (inclusive of 8,000,000)-10,000,000			
6	10,000,000 (inclusive of 10,000,000) above			

<2> Non-audit fees paid to the CPA, to the accounting firm, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto.: None

<3> The audit fees paid for changing the accounting firm and the change of the fiscal year has decreased compared to the previous year : Not applicable

<4> If the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more. : Not applicable

VI. Information on replacement of CPA-None

VII. Chairman, president, or managers in charge of the Company's finance or accounting matters has in the most recent year held a position at the accounting firm of a CPA or any of its affiliated Company-None

VIII. Information on equity of directors, managers and shareholders holding more than 10% of outstanding shares equity transfer and equity pledge movements

Job title	Name	2019		As of March 20, 2020	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman	Nita Ing	-	-	-	-
Director Corporate representative of the director	Wei Dah Development Co.,Ltd. Nita Ing	- -	15,800,000 -	- -	- -
Director Corporate representative of the director Corporate representative of the director Corporate representative of the director	Han-De Construction Co.,Ltd. Jing-Lung Huang Chin-Shan Chiang John T. Yu	32,000,000 - - -	- - - -	- - - -	- - - -
Director Corporate representative of the director	 Tsai-Der Chen	- -	- -	- -	- -
Independent Director	Robert Hung	-	-	-	-
Independent Director	Sean Chao	-	-	-	-
Independent Director	Rex Yang	-	-	-	-
CEO	Joseph Chai(Note)	10,000	-	-	-
Sr. Vice President	Wing-Keung Hendrick Lam	-	-	-	-
Vice President	R. L. Chiu	-	-	-	-
Vice President	Edward Wang	-	-	-	-
Vice President	Qiwei Lu	-	-	-	-
Vice President	Kevin Liu	-	-	-	-
Vice President	Alison Tung	-	-	-	-

Note: Holding shares in the name of others.

Information on the transfer or pledge of equity interests:

The counterparty in the above transfer or pledge of equity interests by a director, managerial officer, or major shareholder is not a related party. Therefore, no information disclosure is required.

IX. Relationship data among the top 10 shareholders with the highest shareholding ratio

September 07, 2019

Name	Share(s) held personally		Shares currently held by their spouses and children of minor age		Shares held in another person's name		Names and relationship of any of the top ten shareholders and their spouses or relatives of 2nd degree of relationship who are related defined in the Statement		Remarks
	Share(s)	(%)	Share(s)	(%)	Share(s)	(%)	Name/name	Relationship	
Panama Banco industrial Company	69,524,417	8.4	0	-	0	-	NO	NO	
Hao Ran Foundation Chairman: Nita Ing	60,171,319	7.3	0	-	0	-	NO	NO	
Wei Dah Development Co.,Ltd. Chairman: Jing-Lung Huang	53,708,923	6.5	0	-	0	-	Han-De Construction Co.,Ltd.	Chairman of the same person	
Formosa Plastics Marine Corporation Responsible person: Wen-Chao Wang	41,201,000	5.0	0	-	0	-	NO	NO	
CITI bank Taiwan branch in custody for Government of Singapore Investment Fund	35,697,332	4.3	0	-	0	-	NO	NO	
Tamerton Group Limited	34,578,143	4.2	0	-	0	-	NO	NO	
Han-De Construction Co.,Ltd. Jing-Lung Huang	31,093,108	3.8	0	-	0	-	Wei Dah Development Co.,Ltd.	Chairman of the same person	
Cathay Life Insurance Co. Ltd. Responsible person: Tiao-Huei Huang	27,739,000	3.4	0	-	0	-	NO	NO	
Fubon Life Insurance Co.,Ltd. Chairman: Richard M. Tsai	20,800,050	2.5	0	-	0	-	NO	NO	
CITI Bank Taiwan branch in custody for Government of Norges Bank investment account	14,295,826	1.7	0	-	0	-	NO	NO	

X. The total number of shares and total equity stake held in any single enterprise by the Company, its directors, managers and any companies controlled either directly or indirectly by the Company

Investees (Note)	Investment by the Company		Investment by directors, managers and enterprises directly or indirectly controlled by the Company		Total investment	
	Share(s)	(%)	Share(s)	(%)	Share(s)	(%)
Trimurti Holding Corporation	86,920,000	100.00	-	-	86,920,000	100.00
Hardison International Corporation	3,896,305	100.00	-	-	3,896,305	100.00
Dymas Corporation	1,161,004	19.48	4,798,566	80.52	5,959,570	100.00
TSRC (Vietnam) Co., Ltd.	Not applicable	100.00			Not applicable	100.00

Note: the Company's investment accounted for under equity method

Information on capital raising activities

I. Capital and shares

<1> Source of capital stock

March 20, 2020

Year/ month	Issue price (NTD)	Authorized stock capital		Paid-in capital		Remarks		
		Shares(s) (1,000 shares)	Amount (NTD1,000)	Shares(s) (1,000 shares)	Amount (NTD1,000)	Source of stock capital	Property other than cash offset against capital	Other
July 1973	10	20,000	200,000	5,100	51,000	Incorporation of Company		
June 1974	10	20,000	200,000	13,200	132,000	Increase of NTD 51,000,000	Technical cooperation remuneration transferred to capital stock NTD 30,000,000	
February 1975	10	20,000	200,000	20,000	200,000	Increase of NTD 61,928,000	Technical cooperation remuneration transferred to capital stock NTD 6,072,000	
November 1975	10	40,000	400,000	30,000	300,000	Increase of NTD 100,000,000		
December 1975	10	40,000	400,000	40,000	400,000	Increase of NTD 100,000,000		
July 1976	10	60,000	600,000	50,000	500,000	Increase of NTD 100,000,000		
April 1977	10	60,000	600,000	54,000	540,000	Increase of NTD 40,000,000		
July 1980	10	110,000	1,100,000	73,238	732,380	NTD 14,000,000 transferred from earnings NTD 52,380,000 transferred from capital		
September 1981	10	110,000	1,100,000	92,300	923,000	Increase of NTD 16,980,000 NTD 173,640,000 transferred from earnings		Issue date: May 18,1981
April 1982	10	120,000	1,200,000	116,000	1,160,000	Increase of NTD 135,470,000 NTD 101,530,000 transferred from capital		Listed date:September 25, 1982
October 1983	10	121,800	1,218,000	121,800	1,218,000	NTD 58,000,000 transferred from capital		
September 1984	10	145,000	1,450,000	127,890	1,278,900	NTD 60,900,000 transferred from capital		
August 1985	10	145,000	1,450,000	140,679	1,406,790	NTD 63,945,000 transferred from earnings NTD 63,945,000 transferred from capital		
September 1986	10	164,200	1,642,000	164,200	1,642,000	Increase of NTD 80,463,000 NTD 119,577,000 transferred from earnings NTD 35,170,000 transferred from capital		
July 1987	10	201,966	2,019,660	201,966	2,019,660	NTD 344,820,000 transferred from earnings NTD 32,840,000 transferred from capital		
August 1988	10	238,319	2,383,199	238,319	2,383,199	NTD 363,539,000 transferred from earnings		
August 1989	10	274,068	2,740,679	274,068	2,740,679	NTD 357,480,000 transferred from earnings		

March 20, 2020

Year/ month	Issue price (NTD)	Authorized stock capital		Paid-in capital		Remarks		
		Shares(s) (1,000 shares)	Amount (NTD1,000)	Shares(s) (1,000 shares)	Amount (NTD1,000)	Source of stock capital	Property other than cash offset against capital	Other
October 1991	10	306,956	3,069,560	306,956	3,069,560	NTD 328,881,000 transferred from earnings		
August 1995	10	550,000	5,500,000	369,700	3,697,000	NTD 627,440,000 transferred from earnings		
July 1997	10	550,000	5,500,000	502,900	5,029,000	NTD 1,332,000,000 transferred from earnings		
July 1998	10	750,000	7,500,000	580,487	5,804,870	NTD 775,870,000 transferred from earnings		Authorized stock capital includes convertible corporate bonds totaling 10 million shares
July 1999	10	750,000	7,500,000	609,511	6,095,114	NTD 290,244,000 transferred from earnings		June 29, 1999 Approved by the official letter under (88) Tai-Tsai-Cheng (1) No. 59287
June 2006	10	750,000	7,500,000	649,909	6,499,095	NTD 403,981,000 NTD transferred from earnings		Approval by letter under Chin-Kuan-Cheng-Yi-Tze No. 0950124967 dated June 20, 2006
June 2011	10	900,000	9,000,000	714,900	7,149,004	NTD 649,909,000 transferred from earnings		Approval by letter under Chin-Kuan-Cheng-Yi-Tze No. 1000028593 dated June 22, 2011
June 2012	10	900,000	9,000,000	786,390	7,863,904	NTD 714,900,000 transferred from earnings		Approval by letter under Chin-Kuan-Cheng-Yi-Tze No. 1010027239 dated June 19, 2012
June 2014	10	900,000	9,000,000	825,709	8,257,099	NTD 393,195,000 transferred from earnings		Approval by letter under Chin-Kuan-Cheng-Yi-Tze No. 1030023928 dated June 25, 2014
June 2019	10	1,200,000	12,000,000	825,709	8,257,099			

March 20, 2020

Type of shares	Authorized stock capital (shares)			Remarks
	Listed Shares	Non-listed shares	Total	
Common stocks	825,709,978	374,290,022	1,200,000,000	
Preferred stocks	-	-	-	

Information related to general report system-Not applicable

<2> Shareholders' structure

September 07, 2019

Shareholder's Structure / Quantity	Government Agencies	Financial Institutions	Other juridical persons	Individual	Foreign Institutions & Natural Persons	Total
Number of persons	4	20	208	79,790	285	80,307
Share(s)	469,664	61,350,160	211,306,330	273,412,824	279,171,000	825,709,978
Stake(%)	0.06	7.43	25.59	33.11	33.81	100.00

<3> Diffusion of ownership

Par value NTD10/ September 07, 2019

Range of shares held	Number of shareholders	Shares held	Stake (%)
1- 999	38,624	7,283,569	0.88
1,000- 5,000	30,024	64,995,757	7.87
5,001- 10,000	6,168	44,801,315	5.43
10,001- 15,000	2,142	26,339,360	3.19
15,001- 20,000	1,078	19,256,983	2.33
20,001- 30,000	956	23,530,954	2.85
30,001- 50,000	649	25,343,701	3.07
50,001- 100,000	405	28,442,895	3.44
100,001- 200,000	133	18,080,527	2.19
200,001- 400,000	60	16,413,173	1.99
400,001- 600,000	18	8,787,509	1.06
600,001- 800,000	10	7,063,092	0.86
800,001- 1,000,000	4	3,457,746	0.42
1,000,001 above	36	531,913,397	64.42
Total	80,307	825,709,978	100.00

Preferred stocks shares- The Company does not issue preferred stocks shares.

<4> Major shareholders

September 07, 2019

Shareholders \ Shares	Shares held	Stake (%)
Panama Banco Industrial Company	69,524,417	8.4
Hao Ran Foundation Statutory	60,171,319	7.3
Wei Dah Development Co.,Ltd.	53,708,923	6.5
Formosa Plastics Marine Corporation	41,201,000	5.0
CITI bank Taiwan branch in custody for Government of Singapore Investment Fund	35,697,332	4.3
Tamerton Group Limited	34,578,143	4.2
Han-De Construction Co.,Ltd.	31,093,108	3.8
Cathay Life Insurance Co. Ltd.	27,739,000	3.4
Fubon Life Insurance Co. Ltd.	20,800,050	2.5
CITI Bank Taiwan branch in custody for Government of Norges Bank investment account	14,295,826	1.7

<5> Share price, net worth per share, EPS, dividends per share and related information

Unit: NTD

Item \ Fiscal year			2019	2018	As of March 20,2020
Market price per share	Maximum		29.60	37.95	24.20
	Minimum		23.80	26.55	13.55
	Average		26.41	31.26	18.88
Net worth per share	Before distribution		18.02	18.54	-
	After distribution		(Note 1)	17.58	-
Earnings per share	Weighted average share(s)		825,709,978	825,709,978	825,709,978
	EPS	Before adjustment	0.90	1.44	-
		After adjustment	(Note 1)	1.44	-
Dividends per share	Cash dividend (Note 1)		0.50	0.98	-
	Dividends (Note 1)	Dividend distributed from earnings	0	0	-
		Dividend distributed from additional paid-in capital	-	-	-
	Cumulative outstanding dividends(Note 2)		-	-	-
Cash dividend yield	Price-earnings (P/E) ratio (Note 3)		29.34	21.71	-
	Price-dividend (P/D) ratio(Note 4)		52.82	31.90	-
	Cash dividend yield(Note 5)		1.89	3.13	-

Note 1: The dividends for 2019 have not yet resolved by the shareholders' meeting.
Note 2: Requirements for issue of securities provide that the unappropriated dividends in the current year may be cumulative and distributed in the year of earnings, and only the outstanding cumulative dividends in the current year shall be disclosed.
Note 3: P/E ratio=yearly average closing price per share/EPS
Note 4: P/D ratio=yearly average closing price per share/Cash dividend per share
Note 5: Cash dividend yield=cash dividend per share/yearly average closing price per share

<6> Dividend policy and implementation status

1. Dividend policy

   The industry operated by our Company has entered a mature and stable stage. Currently, we are striving towards globalization, diversification development actively to meet the long-term plan of the Company and the sustainable growth of the enterprise. The dividend policy of the Company is formulated as follows: if there is surplus left after annual settlement, then 10% will be extracted for statutory surplus reserve after paying all the taxes in accordance with law and compensation of loss in previous years; next, special surplus serve will be proposed or turned around in accordance with Securities and Exchange Act; the remaining amount plus the surplus for distribution in the previous period can supply the surplus for distribution in this year. Hence, surplus distribution plan can be proposed for the distribution of surplus.

   If the previous dividend for shareholders has been distributed, then the cash dividend should not be lower than 20% of the total distributed amount.

   The aforementioned surplus distribution plan is drafted by the board of directors and will be proposed in the shareholders' meeting for final resolution.

2. Distribution of dividends scheduled at the shareholders' annual meeting

   Cash dividends to be distributed are NTD 0.5 per share.

<7> Effect upon business performance and EPS of stock dividend distribution plans drafted at the shareholders' annual meeting:Not applicable.

<8> Employees' compensation and directors' remuneration

1. In accordance with the Article 28 of the Company's articles of incorporation, if there is profit for the year, the Company should contribute more than 1% of its profit as employees' compensation, and less than 1% as directors remuneration. The related regulations on distribution of employees' compensation and directors' remuneration were approved by the board of directors.
2. The amount of the employee's compensation in 2019 is estimated at a certain ratio according to the profit and loss of the current year. The remuneration of the director is accounted for by the expected amount. If there is a discrepancy between the above-estimated amount and the actual issued amount, it will be treated according to the changes in accounting estimates and recorded in the year of issuance.
3. In accordance with the resolution of the 16th of the board of directors, the compensation of employees distributed is NTD 53,614 thousand which is no different from the annual accrual expenses.

   The amount of directors' remuneration is NTD 9,813 thousand, in order to be in line with the operational performance and the market level, the actual amount of distribution approved by the 16th of the board of directors is NTD 4,907 thousand. The difference will be adjusted and recorded into account as Changes In Accounting Estimates in the year 2020.

   There are no shares distributed as employees' compensation by the Company in the year 2019.
4. The Company distributed NTD 64,290 thousand for the employees' compensation and NTD 14,064 thousand for the remuneration of directors by cash, which has no difference with the estimated accrual expense.

<9> Share repurchases: None

II. Corporate bonds - None
III. Preferred shares - None
IV. Global depository receipts - None
V. Employee stock warrants- None
VI. New restricted employee shares - None
VII. Merger, acquisition and issuance of new shares due to acquisition of shares of the Company - None
VIII. Implementation of capital allocation plans- None

Overview of business operations

I. Description of businesses

<1> Business Scope

1. **Major business and product lines:**
The business focuses on-developing, manufacturing and selling various synthetic materials, including:
(1)Synthetic rubber and elastomers: E-SBR, S-SBR, BR and TPE
(2)Applied Materials: Material Mixtures
2. **Product Portfolio**

Unit: thousand NTD

Items	Revenue in 2019	Total Turnover(%)
Synthetic rubber and elastomers	27,108,301	93.77
Applied materials	1,802,422	6.23
Total	28,910,723	100.00

3. **Planned Developments of New Products**

1 Continue to develop microstructure control technology platform for next generation of S-SBR products and build partnership with customers to jointly develop in customized products.

2 Develop differentiated application for the SBC products, such as high-end medical materials, customized shoe materials, thin printing and protective film, lubricant viscosity modifier, etc.

3 Continue to develop new BR technology platform and apply it in the development of new products to fulfill the high shading and impact resistance needs for customers who changed the materials of plastics while enhancing the processability, rolling resistance and abrasion resistance of tire and shoe materials.

4 Continue to build the optimal process technology and integrate into the new factory design with the highest quality products.

<2> Industry Overview:

1. **Global Economic Environment**

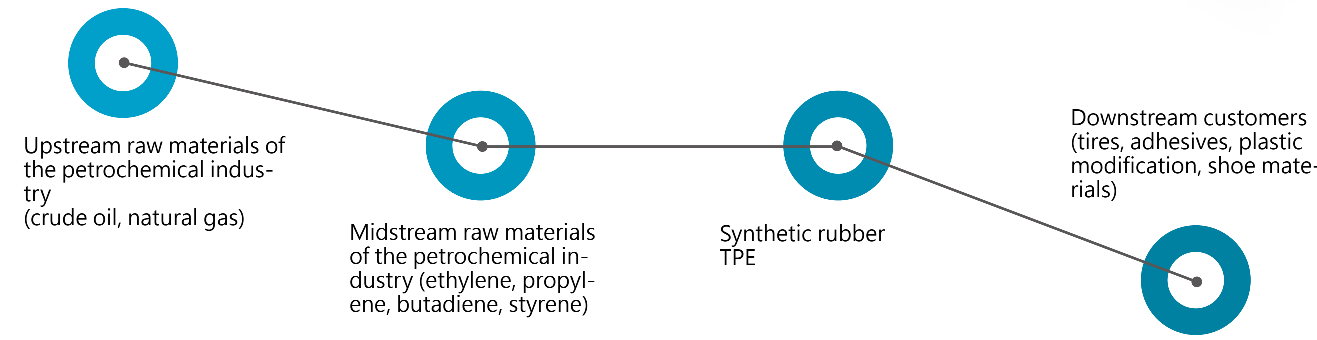
Major institutions such as International Monetary Fund (IMF) and Organization of Economic Co-operation Development (OECD) previously forecasted a modest rebound in global economic growth in 2020, following a weakest year of growth in 2019, as the major central banks are loosening their monetary policies in response to economic slowdown, trade disputes, geopolitical risks, and debt issues. However, with the recent outbreak and the rapid spread of COVID-19 pandemic, 2020 global economic growth is projected to decline significantly compared to last year.

The U.S. Federal Reserve (Fed) reduced the interest rate three times in 2019 to alleviate the concern over trade disputes and economic slowdown. Phase One Trade Agreement signed between the U.S. and China was originally expected to help stabilize the U.S. economy, yet the spread of COVID-19 has forced the Fed to cut interest rate further and announce unlimited quantitative easing (QE) program to mitigate the knock-on effect on U.S. economy. As for China, the prolonged trade dispute has severely affected its manufacturing and exports, and China exports will continue to be impacted by high tariffs until the trade dispute is fully resolved. Moreover, COVID-19 outbreak has directly impacted global markets, supply chains, trades, and financial stability. Although governments and central banks are actively taking fiscal and monetary measures to counter COVID-19, 2020 full-year economic impact and economic outlook still highly depend on when COVID-19 is fully contained and controlled. Taiwan economy is also inevitably impacted by the outbreak as Directorate General of Budget, Accounting and Statistics (DGBAS)trimmed its forecast for the nation' s GDP growth. However, the outbreak may also bring benefits of accelerating the return of overseas Taiwanese firms with increased investment capital.

Geopolitical conflicts causing energy price volatility poses another risk to the global economy. Besides the geopolitical tensions in the Middle East, oil price is greatly impacted byCOVID-19 outbreak, OPEC+ oil production cut negotiations and U.S. shale oil production. Moreover, World Bank indicated in its report that global debt has climbed to a record high in 2019, especially in emerging and developing economies. Although emerging markets are important sources of global economic growth in 2020, the size, speed, and accumulation of debt present a significant risk, flagged as the next breaking point by a number of economists.

Looking ahead, major institutions hold cautious attitude towards global economic outlook and the actual economic growth will depend largely on the duration and severity of the COVID-19 outbreak, the easing of international trade and geopolitical conflicts, and the control of debt level in the emerging countries.

2. **Relevance of the industry's upstream, midstream and downstream:**



Upstream raw materials of the industry are crude oil and natural gas. Midstream raw materials refer to raw materials produced by cracking "petrochemical primary raw materials" e.g. naphtha, followed by reactions such as polymerization, oxidation, and synthesization. The downstream of petrochemical industry processes midstream raw materials to produce plastics, chemical fibers, rubbers, and other chemical products such as tires, plastic modification, adhesives,shoe materials and other industrial goods.

3. **Current Industry Status and Outlook:**

In 2019, 25.76 million cars were sold in China with annual growth rate of -8.2%, which is a larger decline than 2018. The trade war has made consumers more conservative in addition to the impact from slower economic growth in China. Among them, 21.44 million passenger cars were sold with annual growth rate of -9.6% while 4.32 million commercial cars were sold with annual growth rate of -2.2 %. As for Japanese market, 4.3 million cars were sold in 2019 with annual growth rate of -2.1%. In 2019, car sales displayed declining trend overall. However, in the first half year, due to the rise in the price of natural rubber, even higher than synthetic rubber, some vendors started to increase the use of synthetic rubber to reduce the impact of the car market decline. In the second half year, the price of natural rubber had declined, making the industry back to the high-level competition status. With the impact of the trade war, most customers were conservative with the thoughts of stocking. This made it even harder to develop our business.

In 2019, the supply in the market of SEBS in China had further increased. With the devotion of new production capability from Baling Petrochemical and Huizhou LCY GROUP, the oversupply situation in SEBS has increased exaggeratedly. Among them, it is significantly obvious in the increase in the production volume of all-purpose brand. Since its applications are centralized in traditional material changes in plastics, it will cause a huge impact on the prices in the traditional brand market. Homogeneous competition will further increase, causing huge drop in the price of SEBS.

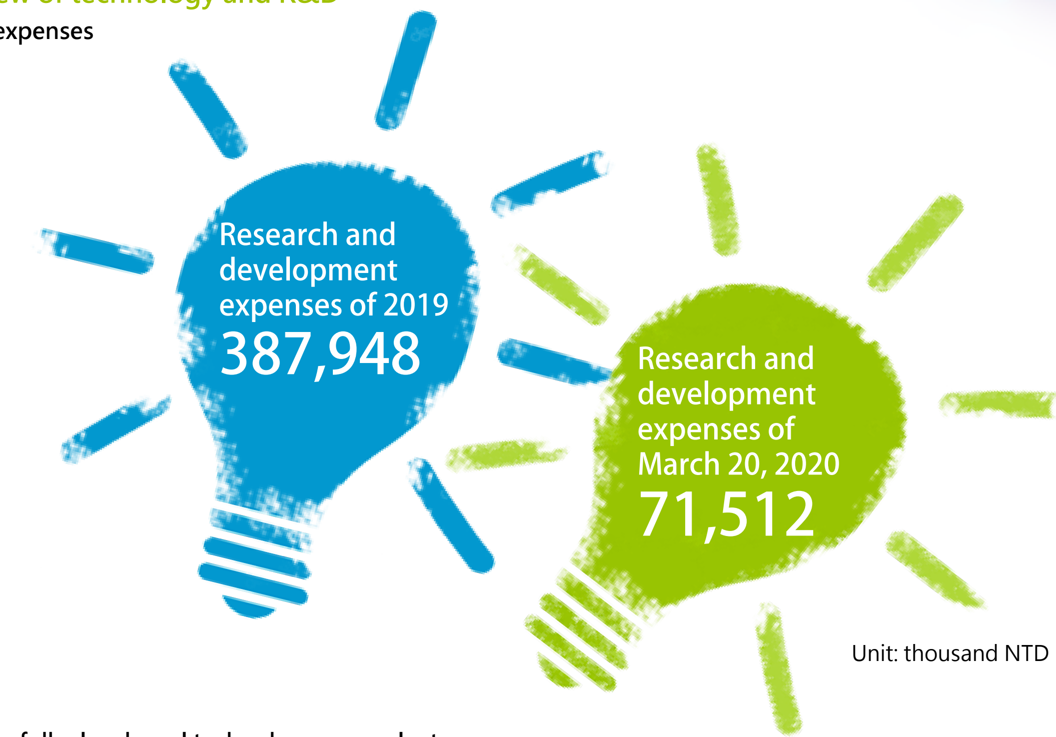
Impacted by the coronavirus in 2020, IMF revised the annual growth of GDP down in February. Originally, it was expected that it can return from 2.9% in 2019 back to 3.3%. However, it may require more time to achieve the expected recovery. Among them China's economy continues to decrease and it is estimated that the economic growth rate in 2020 could be reduced to 5.6%.

China Association of Automobile Manufactures estimated that the car markets in China in 2020 will continue to decline; the car market in India will decline at least 10% in the new car sales due to the impact from the implementation of new emission standards in 2019. After launching the new emission standards in 2020, it is estimated that the new car sales can return back to positive growth. Though there are high uncertainties in the global economic growth in 2020, new car sale will transform to car ownerships so that total car ownerships will continue to increase, which is helpful to the demand of replacing tires. It is estimated that the tire market can maintain a stable growth in 2020. Regarding the tire market, benefiting from the growth in the overall tire market, the Company will also enhance the promotion of energy-saving rubbers and rubbers not for tire use to strengthen its overall sales.

Looking in the aspect of costs and external environment, it is estimated that the price of SEBS in 2020 will only be slightly impacted by the supporting action. The major reasons influencing the future SEBS prince include macroscopic economy (trade war), the increase in supply, changes in costs and demands from downstream. In the recent years, there will be more and more new production capabilities in China. In the context of oversupply, price competition will become a normal state. The Company is actively making advanced application transformation. However, it is hard to enhance rapidly in the short term. It is inevitable that the future overall price drops.

<3> Overview of technology and R&D

1. R&D expenses



Unit: thousand NTD

2. Successfully developed technology or products

Item	Result
Patents	11 patents granted this year.
Development of S-SBR products	Completed functionalization modification and successfully applied in the next generation products.
Development of green and ecofriendly rubber materials	The Company has achieved commercialized mass production of green eco-friendly E-SBR products and optimized eco-friendly BR quality. With these achievements, the Company has been recognized by customers changed the materials of plastics, tires and international factories of shoe materials.
Development of new generation HSBC products	Completed the development of materials for next generation medical applications, graphic printing films, protective films, foaming and auto component.
Development of leading processing technology	Completed the development of new-type reaction tank design, hydrogenation process, and post-production technology, etc., to enhance the technical capabilities of existing production lines, and introduce the design and construction of new plants in the future.

<4> Long-Term and Short-Term Business Development Plans

In response to the rise of global awareness of Corporate Social Responsibility (CSR), our research and development is focused on developing high value-adding products and technologies with advanced eco-friendly production processes in order to deliver customer satisfactions, solve problems concerning customers' applications of rubbers, and create mutual values. The business development plan includes:

1. **Long-Term Plan:**
   (1) The Company continues to develop innovative TPE technology platforms and applications to create differentiation as competitive advantage. In addition, the Company integrates the developments in downstream industries and customers' demands and continues to develop application materials with high added values, including medical applications, oligopoly HSBC and advanced shoe material market.
   (2) Establish communication platform with key customer's development team to jointly develop high quality innovative products.
   (3) Upgrade manufacturing equipment and ingredients to improve production efficiency and optimize production costs. Continue quality improvement of existing products through production process optimization.
   (4) Evaluate the global value chain development and customers needs of synthetic rubber industry while exploring opportunities in new products/new market/new applications.
   (5) Optimize resource deployment to increase new product sales and profit.
   (6) Continue the technical exchanges and collaboration with the academic sector and customers to enhance product value improve process technology via contracted research by the academic sector.
   (7) With the geographical advantages in Vietnam, the Company enhances its position in advanced shoe materials market, continues to expand customer groups and increases the benefits of supply chain.

2. **Short-Term Plan:**
   (1) The Company has newly established 20 thousand tons advanced SEBS devices in Nantong, China and 7 thousand advanced commercial shoe material production line in Binh Duong, Vietnam. Both of them operate smoothly.
   (2) Execute the strategy to strengthen technology platforms and customers insights to develop high value-adding products and applications , including advanced shoe materials and medical TPE materials, to enrich product portfolio and market segment.
   (3) Continue strengthening TSRC global supply chain to meet customers' need worldwide by optimizing the sales operation and logistics.
   (4) Enhance customers' capability and value chain with products of high quality, high differentiation, highly value-adding, and appropriately targeted market segment.
   (5) Continue exploring opportunities in new products, new markets and new business model and conduct feasibility assessment.
   (6) In response to the consecutive promotion of eco-friendly tire label in EU, Japan, China, etc., the Company has specifically formed R&D team for S-SBR project to continue to focus on developing and promoting the S-SBR markets with low rolling resistance and wet scratch features and to enhance market shares.

II. Analysis of the market as well as the production and marketing situation

<1> Market Analysis

1. Major sales destinations

Unit: thousand NTD/Metric Ton

Name of product	2019		Exported territories
	Sales volume	Sales amount	
Synthetic rubber and elastomers	474,682	27,108,301	China, U.S.A., Thailand, Germany, Turkey, Japan, Italy
Applied materials	13,544	1,802,422	China, South East Asia, and U.S.A.

2. Market share:

Synthetic rubber and elastomers	Asia is the major market accounting for 70% of the total sales, while Americas and Eurozone account for 15% and 11% of total sales respectively.
Applied materials	Vietnam is the main market accounting for 49% of total sales, while the second largest market is Greater China, representing 31% of total sales

3. Industry demand supply and market growth projection

Estimated by LMC research institute, there is no additional production capability of E-SBR in Asia in 2020. However, customers were more conservative with thoughts of stocking due to oversupply in the industry, slower growth in global economy, the emergence of protectionism and geopolitical risks. In the next 3-5 years, it is likely that the situation of oversupply maintained. Regarding this situation, the Company will optimize customer and product combination, distribute orders and adjust the production lines to enhance profit performance.

In the TPE aspect, the demand of SBS is expected to increase 1.9% in 2020 and the production capability will also increase 50 thousand tons due to the increasing demand of modified asphalt. The Company will maintain the same production capability of SIS as in 2019, 438 thousand tons where the demand will increase 2.7% coming from the application of adhesives. In addition, the production capability of SEBS will greatly increase 45 thousand tons. This main reason is that the Company and Sinopec will devote new production capability in 2020. Due to the uncertain factors from the trade war, the demand of SEBS will have an increasing range of 3%. The overall capability utilization of SEBS will be reduced from 70% to 65% due oversupply in the market.

4. Competitive positioning, future development factors and actions

E-SBR is a mature product. The products produced by different factory have little differences. Hence, the costs of the raw materials have become the key for profiting. TSRC Corporation had no integration advantage from the upstream. Thus, our profit was mainly affected by the price trend of the raw materials, especially butadiene. In 2020, there are new production capability of butadiene in Asia. We hope to reduce the cost differences between non-vertical integration factory and vertical integration factory to increase sales. Moreover, TSRC Corporation is actively expanding sales percentages in Southeast Asia and America and the sales energy in India ISRPL through re-investment to get hold of the sales opportunities.

The Company has conducted practical actions for both short-term and long-term benefits, devoted into expanding sales volume and held on to the gross margin to make diversification in market and product combination. Meanwhile, the Company has developed high-value application of TPE in response to the competition with new production capabilities. New advanced technology, SEBS, and the commercial operation of new advanced show material production lines will further enhance the profitability of the company. It is also one of the effective strategies to expand markets.

<2> Important application and manufacturing processes of main products

1.Main product important use:

E-SBR	General material for car tires, soles, conveyor belts, hoses, sport facilities, toys and other industrial products.
S-SBR	Energy-saving (low rolling resistance) tires, high-function tires, snow tires and all-season tires.
BR	High-speed tires, soles, sport facilities, High Impact polystyrene (HIPS) and other industrial products.
TPE	Adhesives, hot-melt adhesive, plastic modification, medical firms, and other industrial products for special applications.
Applied Materials	Advanced shoe materials, foamed shoe materials, toys, stationery, wire and cable, baby supplies, personal care, hand tools covering, materials, car industry and other industries such as refrigeration.

2.Outline of production process:

E-SBR	E-SBR is produced in an emulsion polymerization system. Soap is used as the reaction agent for the polymerization of butadiene and styrene to produce high molecular glue. Then, after the addition of anti-oxidant and extender oil (for oil-extended rubber products), the coagulation crumb is then washed, dewatered, dried, baled and packaged.
S-SBR	S-SBR is produced in a solution polymerization system. Soap is used as the reaction agent for the polymerization of butadiene and styrene to produce high molecular glue. Then, after the addition of anti-oxidant and extender oil (for oil-extended rubber products), the coagulation crumb is then washed, dewatered, dried, baled and packaged.
BR	BR is produced in a solution polymerization system. Crumb is made after polymerization of butadiene (BD), and is condensed into pallets, ash content is washed off and then dewatered and packed.
TPE	TPE is produced in a solution polymerization system. Crumb is made after polymerization of butadiene and after being steamed to recall solvent, it is dewatered, pelleting and then packed.
Applied Materials	TPE products and other raw materials are mixed, blended and granulated.

<3> Supply of main raw materials

The synthetic rubber produced by the Company is mainly polymerized from butadiene and styrene within the petrochemical products.

Item	Main source	Supply situation
Butadiene	Domestic, imports	Domestic butadiene is primarily supplied by CPC and FPCC and imported in the case of the short supply.
Styrene	Domestic	Styrene is primarily supplied by TSMC, FCFC and GPPC

<4> Suppliers (Customers) accounting for 10% or more of the Company's total procurement (sales) amount in either of the most recent two fiscal years, the amounts bought from (sold to) each, and the percentage of total procurement (sales) respectively, and reasons for increase/decrease

1. Major suppliers accounting for 10% or more in procurement in the past two years

Unit: thousand NTD

Item	2019				2018			
	Suppliers	Value	Total net procurement (%)	Relation to the issuer	Suppliers	Value	Total net procurement (%)	Relation to the issuer
1	-	-	-	-	Company A	2,891,681	12	None
2	Other	24,762,640	100	-	Other	22,082,477	88	
	Net procurement	24,762,640	100		Net procurement	24,974,158	100	
The reasons for changes in amount	To reduce the risks encountered due to centralized purchase, the ratio of Company A to annual net purchase was reduced to less than 10%.							

2. There are no customers accounting for 10% or more of the Company's total sales value in the recent two fiscal years.

<5> Production volume for the most recent two fiscal years

Unit: thousand NTD/Metric Ton

Product	2019			2018		
	Capacity	Output	Output value	Capacity	Output	Output value
Synthetic rubber and elastomers	561,600	446,816	24,202,460	562,892	490,507	27,853,645
Applied materials	23,260	17,651	1,243,699	20,759	14,009	620,888
Total	584,860	464,467	25,446,159	583,651	504,516	28,474,533

<6> Volume of units sold for the most recent two fiscal years

Unit: thousand NTD/Metric Ton

Product	2019				2018			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Synthetic rubber and elastomers	308,978	19,352,451	130,677	8,707,322	340,517	21,694,549	134,238	9,219,258
Applied materials	5,186	444,112	7,769	1,247,333	5,205	416,298	3,496	415,496
Others	-	-	-	-	-	20,636	-	-
Total	314,164	19,796,563	138,446	9,954,655	345,722	22,131,483	137,734	9,634,754

III. Employees information

Year		2018	2017	February 28, 2019
Direct workers		861	829	862
Indirect workers		747	716	757
Total of employees		1,608	1,545	1,619
Average age		39.9(years old)	39.9(years old)	40.0(years old)
Average seniorities		10.1(years)	10.4(years)	10.0(years)
Education level (%)	Ph.D.	1	1	1
	Master	13	13	13
	Bachelor	66	64	66
	Senior high school	17	19	17
	Below senior high school	3	3	3

IV. Disbursements of environmental protections

Losses for environmental pollution

	2019	Till March 20, 2020
Pollution (Type and procedure)	1. On 2019/04/11, Inspection Sector, Environmental Protection Bureau, Kaohsiung City discovered foreign flavor and went to the factory to inspect. They discovered that the foreign flavor came from the cleaning procedure for the water gun of the tank. This is in violation of Article 32, Paragraph 1, Subparagraph 4 of "Air Pollution Control Act". The Company was fined for NT$ 100 thousand. 2. On 2019/06/07, the natural gas pipeline of boiler was broken by accidentally digging during the construction on the road outside the factory. To provide emergency parking steam in the production line, the cogeneration of boiler reignited the fire for the boiler by using fuel oil temporarily, causing the waste Sulfur oxides and CEMS in the emission channel of the boiler exceeding the emission standards. This is in violation of Article 62 of "Air Pollution Control Act". The Company was fined for NT$ 100 thousand by Environmental Protection Bureau, Kaohsiung City. 3. On 2019/08/06, the southern Bureau of Environmental Inspection, Environmental Protection Administration inspected the equipment components without notice in advance. The leakage from the bull plug of exit emission valve to the solvent pipeline in M04 process exceeded "Kaohsiung City Regulation and Emission Standards for Volatile Organic Compounds from Equipment Component". This is in violation of Article 20, Paragraph 1 of "Air Pollution Control Act". The Company was fined for NT$ 100 thousand. 4. On 2019/10/01, Environmental Protection Bureau, Kaohsiung City inspected equipment components in the joint inspection project for Da She Industrial Zone. The leakage from the cover component of the filter to some butadiene transmission pipeline in M02 process exceeded "Kaohsiung City Regulation and Emission Standards for Volatile Organic Compounds from Equipment Component". This is in violation of Article 20, Paragraph 1 of "Air Pollution Control Act". The Company was fined for NT$ 200 thousand. Regarding the violation of Article 53 and 54 of Waste Disposal Act, the company submitted opinions on the violation matters and has not received the reply from Environmental Protection Bureau, Kaohsiung City. 5. On 2019/11/22, Environmental Protection Bureau, Kaohsiung City discovered that foreign flavor escaped from the equipment, M03 processing unit "adhesive drain filter" and "fluidized baking bed", causing air pollution. This is in violation of Article 32, Paragraph 1, Subparagraph 3 of "Air Pollution Control Act". The Company was fined for NT$ 100 thousand.	Kaohsiung Environmental Protection Bureau came to the factories and sampled "the status of air pollution" and "surrounding smell". Both satisfied the regulations.
Counterpart, or authority imposing fines	Kaohsiung Environmental Protection Bureau	None

	2019	Till March 20, 2020
Compensation and fines	NTD 700,000	Was not punished or fined by competent agencies
Adaption of improvement measures	1. Regarding foreign flavor coming from the cleaning procedure for the water gun of the tank, the measures for improvement are as follows: (1) Check the three-channel valve when uninstalling the reaction tank each time to see whether it was tightened properly to fixed position or whether it had leakage. When encountering anomalies, repair or replace the valve. (2) Clean up the waste adhesive when cleaning the water gun on the same day. 2. Regarding the leakage from the bull plug of exit emission valve to the solvent pipeline in M04 process, the measures for improvement are as follows: (1) The acceptance system for implementing leakage inspection required after tightening the bull plug. (2) Each factory should create equipment component leakage map and hold an equipment component leakage repair and improvement review meeting each season. (3) Use the infrared VOC leakage detector, Eye C Gas, to enhance the inspection speed. (4) Engineering safety sector should perform 100-point component inspection at easily leaked zone in each factory (the definition of leakage is 500ppm) every month while the on-site unit shall perform self-inspection on 300 points every week. Meanwhile, these will be listed into the performances each month. 3. Regarding the leakage from the cover component of the filter to some butadiene transmission pipeline in M02 process, the Company replaced the old filter to eliminate the leakage risk. 4. Regarding foreign flavor escaped from the equipment, M03 processing unit "adhesive drain filter" and "fluidized baking bed" causing air pollution, the measures for improvement are as follows: (1) Check all the parts emitting the FBC foreign flavor in the 6400 zone. Then repair and improve the equipment. (2) Improve the solvent recovery stripping efficiency and enhance waste air VOC removal efficiency.	Continue to maintain proper function of pollution protection equipment

V. Labor relations

<1> Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and measures for preserving employees' rights and interests:

1. **Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation:**

Regarding welfare measures, besides providing employees with cash gifts for the three major festivals (Dragon Boat Festival, Moon Festival, Chinese New Year), birthday and Labor day through Employee Welfare Committee, the Company also implements "cafeteria benefit", a welfare project for employees to combine the "bonus points" satisfying their own welfare demands, including travel and leisure activities, education subsidy for their children, self-selected group buying of daily supplies from employee welfare club, etc., to truly implement the actual concepts of employee welfare.

As for the insurance, TSRC, in addition to the statuary labor and health insurance, also provide free group insurance to employees that covers family members of employees. As for the labor pension system, TSRC conduct the business in accordance with the Labor Standards Act and labor pension system. TSRC allocates a pension to the pension accounts of employees based on the pension actuarial report provided by actuaries every year. The gap between the estimated pension and actual pension amount for personnel who are qualified for retirement by the end of every year is allocated by March 31 of every year in accordance with the regulations, in order to protect the right of retirement of employees.

In respect of employees' training, the rules for employees' training are followed. The training plans are set based on the Company's business policies, units' requirements and relevant laws/regulations, and the general knowledge, professional skills and management ability programs for the newly recruited and employees are handled according to the plans. Meanwhile, the "life-time learning" goal is fulfilled through such training modes as OJT, Off-JT and SD, with the training fees in 2019 being to the value of NTD14,467,000. The average training fees per person were NTD9,000 and the training hours per person were 31 hours.

2. **Measures for preserving employees' rights and interests:**
Since the incorporation of the labor union, the Company has held meetings between employer and labor periodically, and negotiated for the laborers" interests and rights through formal meetings. In 2019, the Company held four meetings in total.
Furthermore, according to the Labor Standard Law and Accounting Handling Rules on Pension, the Company will contribute the pension fund to the employees' personal accounts in the Bank of Taiwan and Bureau of Labor Insurance on a monthly basis.
Meanwhile, the "Reserve Labor Pension Fund Supervisory Commission" will hold meetings to review the utilization of pension funds periodically to protect the retired employees' interests and rights.

<2> In 2019 and until the publication date, there is no loss suffered from labor disputes.

<3> Estimated loss suffered by the Company due to labor disputes currently and in the future, and explanation measures

Since the Company's incorporation with the union, the relationship between employees and the Company has remained fair through the good interaction and communication between employees and the Company. Therefore, no significant dispute over labor has occurred, let alone the loss thereof. Therefore, the Company and employees will abide by the communication models to create a win-win situation when proceeding with communication, and there is no likelihood of any monetary loss resulting from labor dispute.

VI. Material contracts

March 20, 2020

Nature	Concerned party	Duration	Contents	Restrictive terms
Joint venture	UBE Industries Ltd., Marubeni Corporation UBE (Thailand) Co.,Ltd	October 20, 1995 until termination of the co-operative relationship	The joint venture for production and sale of BR with the annual capacity of 50 thousand metric tons of BR in Thailand	
Joint venture	UBE Industries Ltd., Marubeni Petrochemicals Investment B.V.	October 26, 2006 until termination of the co-operative relationship	The joint venture for production and sale of BR plant with the annual capacity of 72 thousand metric tons in China	
Technology license	JSC VORONEZHSYN-THEZKAUCHUK	May 27, 2009 until 10 years after the official production	Authorize for production of thermoplastic elastomers with the annual capacity of 50 thousand metric tons	
Joint venture	Indian Oil Corporation	April 3, 2010 until termination of the co-operative relationship	The joint venture for production and sales of ESBR plant with the annual capacity of 120 thousand metric tons in India	
Technology license	Indian Synthetic Rubber Private Ltd.	September 1, 2010 until termination of the cooperative relationship	A license for India Synthetic Rubber Private Limited. to use ESBR technology	
Joint venture	ARLANXEO Holding B.V	May 7, 2010 until termination of the co-operative relationship	The joint venture for production and sales of NBR plant with the annual capacity of 30 thousand metric tons in China	
Technology license	ARLANXEO–TSRC (Nantong) Chemical Industrial Co., Ltd	December 1, 2010 until termination of the cooperative relationship	A license for ARLANXEO-TSRC (Nantong) Chemical Industrial Co Ltd. to use NBR technology	
Technology license	TSRC (Nantong) Industrial Ltd.	January 1, 2012 to January 1, 2022	Extend to a 35 thousand metric tons-SEBS technology licensing	
Technology license	TSRC (Nantong) Industrial Ltd.	January 1, 2014 to December 31, 2023	Authorize to use SIS technology	

Nature	Concerned party	Duration	Contents	Restrictive terms
Technology license	TSRC (Nantong) Industrial Ltd.	September 1, 2017 to within ten years starting from the issuance of the first invoice of the new production line	Adding the permission for SEBS authorized products with the annual production of 20 thousand metric tons	
Medium-and long-term loan	Bank of Taiwan	October 17, 2018 to November 23, 2021	Loaned NTD 1,500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	Mega Bank	May 02, 2018 to October 23, 2023	Loaned NTD 500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	MUFG Bank	March 21, 2018 to March 23, 2021	Loaned NTD 500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	CTBC Bank	March 23, 2018 to March 28, 2023	Loaned NTD 1,000 million	Repaid amount of NTD 500 million cannot be drawn again. The amount of NTD 500 million is calculable mobility. Amount of mobility cannot be lower than 70% of the total amount each time.
Medium-and long-term loan	Standard Chartered Bank	May 28, 2018 to June 25, 2021	Loaned NTD 500 million	Loan amount cannot be drawn again.

Overview of financial status

I. Condensed balance sheet and statement of comprehensive income for recent five fiscal years

<1> Condensed balance sheet

Unit: thousand NTD

Item \ Fiscal year		Financial information for the recent years				
		Individual				
		2019	2018	2017	2016	2015
Current assets		4,024,296	4,200,063	3,709,562	3,885,668	3,532,055
Property, plant and equipment		2,727,714	2,789,755	2,760,238	2,699,834	2,686,179
Intangible assets		44,819	65,778	86,312	37,972	49,355
Other assets		17,494,817	17,248,237	16,104,401	16,125,052	16,128,518
Total assets		24,291,646	24,303,833	22,660,513	22,748,526	22,396,107
Current liability	Before distribution	4,813,822	4,790,367	6,304,390	5,141,128	3,398,866
	After distribution	(Note)	5,599,562	7,097,072	5,966,838	4,274,119
Non-current liability		4,602,132	4,202,463	1,478,607	2,266,177	2,752,556
Total liability	Before distribution	9,415,954	8,992,830	7,782,997	7,407,305	6,151,422
	After distribution	(Note)	9,802,025	8,575,679	8,233,015	7,026,675
Equity attributable to shareholders of the parent		14,875,692	15,311,003	14,877,516	15,341,221	16,244,685
Common stock		8,257,099	8,257,099	8,257,099	8,257,099	8,257,099
Capital surplus		47,140	45,158	41,043	849	849
Retained earnings	Before distribution	5,917,502	5,809,486	5,431,836	5,381,012	5,414,016
	After distribution	(Note)	5,000,291	4,639,154	4,555,302	4,538,763
Other equity		653,951	1,199,260	1,147,538	1,702,261	2,572,721
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total shareholders' equity	Before distribution	14,875,692	15,311,003	14,877,516	15,341,221	16,244,685
	After distribution	(Note)	14,501,808	14,084,834	14,515,511	15,369,432

Note: The earnings in 2019 will be distributed subject to the resolution of the shareholders' meeting in 2020.

Item \ Fiscal year		Financial information for the recent years				
		Consolidated				
		2019	2018	2017	2016	2015
Current assets		15,365,918	14,861,158	13,913,627	13,627,402	12,389,236
Property, plant and equipment		10,037,395	8,768,849	8,558,709	8,947,258	9,875,244
Intangible assets		1,669,885	1,851,601	1,942,350	2,179,937	2,397,426
Other assets		5,441,725	4,748,561	4,584,655	5,015,330	5,332,079
Total assets		32,514,923	30,230,169	28,999,341	29,769,927	29,993,985
Current liability	Before distribution	9,300,535	8,172,613	10,811,273	9,963,898	7,974,847
	After distribution	(Note)	8,981,808	11,603,955	10,789,608	8,850,100
Non-current liability		6,761,665	5,175,715	1,744,622	2,754,204	3,942,024
Total liability	Before distribution	16,062,200	13,348,328	12,555,895	12,718,102	11,916,871
	After distribution	(Note)	14,157,523	13,348,577	13,543,812	12,792,124
Equity attributable to shareholders of the parent		14,875,692	15,311,003	14,877,516	15,341,221	16,244,685
Common stock		8,257,099	8,257,099	8,257,099	8,257,099	8,257,099
Capital surplus		47,140	45,158	41,043	849	849
Retained earnings	Before distribution	5,917,502	5,809,486	5,431,836	5,381,012	5,414,016
	After distribution	(Note)	5,000,291	4,639,154	4,555,302	4,538,763
Other equity		653,951	1,199,260	1,147,538	1,702,261	2,572,721
Treasury stock		0	0	0	0	0
Non-controlling interest		1,577,031	1,570,838	1,565,930	1,710,604	1,832,429
Total shareholders' equity	Before distribution	16,452,723	16,881,841	16,443,446	17,051,825	18,077,114
	After distribution	(Note)	16,072,646	15,650,764	16,226,115	17,201,861

Note: The earnings in 2019 will be distributed subject to the resolution of the shareholders' meeting in 2020.

Condensed statement of comprehensive income

Unit: thousand NTD

Item \ Fiscal year	Financial information for the recent years				
	Individual				
	2019	2018	2017	2016	2015
Operating revenue	10,856,945	10,834,520	11,254,655	8,831,537	8,636,050
Gross profit	1,072,357	1,107,890	896,998	869,843	1,014,433
Operating profit	129,881	250,966	106,207	143,220	295,190
Non-operating income and expenses	788,028	1,077,163	790,340	928,346	-6,465
Net income before tax	917,909	1,328,129	896,547	1,071,566	288,725
Net income	740,316	1,192,186	874,107	988,352	529,115
Other comprehensive income (loss)	(368,414)	29,868	(552,296)	(934,084)	765,989
Total comprehensive income	371,902	1,222,054	321,811	54,268	1,295,104
Net income attributable to shareholders of the parent	740,316	1,192,186	874,107	988,352	529,115
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to shareholders of the parent	371,902	1,222,054	321,811	54,268	1,295,104
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
EPS (Note)	0.90	1.44	1.06	1.20	0.64

Note: EPS (loss) is computed by income (loss) after tax divided by weighted average outstanding shares. The shares increased after earnings or additional paid-in capital transferred to capital should be computed retroactively.

Unit: thousand NTD

Fiscal year / Item	Financial information for the recent years				
	Consolidated				
	2019	2018	2017	2016	2015
Operating revenue	28,910,723	29,751,218	31,766,237	26,955,090	25,981,759
Gross profit	3,377,284	3,488,714	3,328,879	3,880,881	3,375,615
Operating profit	1,084,861	1,301,814	1,202,526	1,764,946	1,396,683
Non-operating income and expenses	169,777	328,629	(65,391)	(157,636)	(750,683)
Net income before tax	1,254,638	1,630,443	1,137,135	1,607,310	646,000
Net income	817,120	1,233,670	849,717	1,093,607	601,147
Other comprehensive income (loss)	(439,025)	(6,708)	(568,595)	(1,072,228)	737,495
Total comprehensive income	378,095	1,226,962	281,122	21,379	1,338,642
Net income attributable to shareholders of the parent	740,316	1,192,186	874,107	988,352	529,115
Net income attributable to non-controlling interests	76,804	41,484	(24,390)	105,255	72,032
Total comprehensive income attributable to shareholders of the parent	371,902	1,222,054	321,811	54,268	1,295,104
Total comprehensive income attributable to non-controlling interests	6,193	4,908	(40,689)	(32,889)	43,538
EPS (Note)	0.90	1.44	1.06	1.20	0.64

Note: EPS (loss) is computed by income (loss) after tax divided by weighted average outstanding shares. The shares increased after earnings or additional paid-in capital transferred to capital should be computed retroactively.

CPA's name and auditor's opinion

Fiscal year	CPA's name	Auditor's opinion
2019	Po Shu Huang Ming Hung Huang	Unqualified opinion
2018	Po Shu Huang Ann Tine Yu	Unqualified opinion
2017	Po Shu Huang Ann Tine Yu	Unqualified opinion
2016	Po Shu Huang Ann Tine Yu	Unqualified opinion
2015	Po Shu Huang Ann Tine Yu	Unqualified opinion

II. Financial analysis for the recent five fiscal years

Financial analysis

Item	Fiscal year	Financial information for the recent years				
		Individual				
		2019	2018	2017	2016	2015
Financial structure	Debt-asset ratio(%)	38.76	37.00	34.35	32.56	27.47
	Ratio of long-term capital to property, plant and equipment(%)	714.07	699.47	592.56	652.17	707.22
Solvency	Current ratio(%)	83.60	87.68	58.84	75.58	103.92
	Quick ratio(%)	35.99	34.79	23.76	35.57	53.21
	Interest coverage ratio(%)	10.03	17.39	13.53	19.50	6.89
Operating ability	Receivables turnover rate (times)	9.92	9.88	9.21	7.27	6.19
	Average collection days for receivables	36.79	36.94	39.63	50.21	58.97
	Inventory turnover rate (times)	4.17	4.19	4.94	4.29	4.56
	Payables turnover rate (times)	10.97	11.90	11.26	9.49	12.37
	Average days of sales	87.53	87.11	73.89	85.08	80.04
	Property, plant and equipment turnover rate (times)	3.94	3.90	4.12	3.28	3.39
	Total assets turnover rate(times)	0.45	0.46	0.50	0.39	0.39
Profitability	Return on assets(%)	3.38	5.36	4.11	4.59	2.56
	Return on equity(%)	4.90	7.90	5.79	6.26	3.26
	Ratio of income before tax to paid-in capital (%)	11.12	16.08	10.86	12.98	3.50
	Profit margin before tax (%)	6.82	11.00	7.77	11.19	6.13
	EPS (NTD)	0.90	1.44	1.06	1.20	0.64
Cash flows	Cash flow ratio (%)	13.27	6.81	2.58	2.30	31.33
	Cash flow adequacy ratio(%)	32.18	28.13	41.77	41.65	(Note)
	Cash flow reinvestment ratio(%)	(0.67)	(1.85)	(3.02)	(3.31)	(0.79)
Leveraging	Operating leverage	37.22	15.65	30.93	21.22	10.53
	Financial leverage	4.59	1.48	3.07	1.68	1.20

1. Interest protection multiples and income before tax accounted for paid-in capital are as a result of the decrease in income before tax.
2. Return on Total Assets Ratio, return on equity, profit margin and earnings per share are mainly as a result of the decrease in net income.
3. Cash flow ratio and cash re-investment ratio are as a result of the cash flow increase in operating activities.
4. DOL and DFL are as a result of the decrease in operating profit.

Note: There are no five-year IFRS financial

Item	Fiscal year	Financial information for the recent years				
		Consolidated				
		2019	2018	2017	2016	2015
Financial structure	Debt-asset ratio(%)	49.40	44.16	43.30	42.72	39.73
	Ratio of long-term capital to property, plant and equipment(%)	231.28	251.54	212.51	221.36	222.97
Solvency	Current ratio(%)	165.22	181.84	128.70	136.77	155.35
	Quick ratio(%)	92.98	102.14	72.44	82.41	95.02
	Interest coverage ratio(%)	6.88	10.62	7.04	11.61	5.14
Operating ability	Receivables turnover rate (times)	8.19	8.21	8.19	7.59	7.21
	Average collection days for receivables	44.56	44.45	44.56	48.08	50.62
	Inventory turnover rate (times)	3.97	4.21	4.98	4.54	4.25
	Payables turnover rate (times)	12.88	15.71	15.75	14.71	16.85
	Average days of sales	91.93	86.69	73.29	80.39	85.88
	Property, plant and equipment turnover rate (times)	3.07	3.43	3.63	2.86	2.61
	Total assets turnover rate(times)	0.92	1.00	1.08	0.90	0.82
Profitability	Return on assets(%)	3.09	4.62	3.42	4.08	2.31
	Return on equity(%)	4.90	7.40	5.07	6.23	3.32
	Ratio of income before tax to paid-in capital (%)	15.19	19.75	13.77	19.47	7.82
	Profit margin before tax (%)	2.83	4.15	2.67	4.06	2.31
	EPS (NTD)	0.90	1.44	1.06	1.20	0.64
Cash flows	Cash flow ratio (%)	27.93	22.92	14.72	9.11	52.71
	Cash flow adequacy ratio(%)	91.81	99.39	109.82	103.78	(Note)
	Cash flow reinvestment ratio(%)	5.05	3.11	2.41	(0.18)	8.62
Leveraging	Operating leverage	5.95	8.52	8.23	5.76	6.88
	Financial leverage	1.21	1.15	1.19	1.09	1.13

1. Interest protection multiples is as a result of the decrease in income before tax.
2. Income before tax accounted for paid-in capital is as a result of the decrease in income before tax.
3. Return on Total Assets Ratio, return on equity, profit margin and earnings per share are mainly as a result of the decrease in net income.
4. Cash flow ratio and cash re-investment ratio are as a result of the cash flow increase in operating activities.

Note: There are no five-year IFRS financial

1. Financial structure:
   (1) Debt-asset ratio = total liabilities / total assets
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment

2. Solvency:
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
   (3) Interest coverage ratio = income before income tax and interest expenses / current interest expenses

3. Operating ability:
   (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
   (2) Average collection days for receivables = 365 / receivables turnover rate
   (3) Inventory turnover rate = cost of sales / average inventory
   (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
   (5) Average days of sale = 365 / inventory turnover rate
   (6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment
   (7) Total asset turnover rate = net sales / average total assets

4. Profitability:
   (1) Return on assets = [net income + interest expenses (1 - tax rate)] / average total assets
   (2) Return on equity = net income / average total equity
   (3) Profit margin before tax = net income / net sales
   (4) EPS = (profit and loss attributable to owners of the parent - dividends on preferred shares) / weighted average number of issued shares

5. Cash flow:
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
   (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital)

6. Leveraging:
   (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income
   (2) Financial leverage = operating income / (operating income - interest expenses)

III. Audit Committee's Report

The Board of Directors has prepared and submitted the Company's 2019 Business Report, Financial Statements and earnings distribution proposal. The above Financial Statements have been audited by KPMG and an audit report is accordingly issued .

The above Business Report, Financial Statements, and earnings distribution proposal have been examined and deemed as fairly presented by Audit Committee. This Audit Report is duly submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Submission for perusal.

To:

The 2020 Annual Shareholders' Meeting

TSRC Corporation

The convener of Audit Committee Robert Hung

Date: March 17, 2020

IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year- Please refer to Page 86.

V. Individual financial statements and independent auditors' report for the most recent fiscal year-Please refer to Page 158.

VI. The impact of financial difficulties in the Company and its affiliates on the Company's financial situation-None.

Review and analysis of the Company's financial position and financial performance, and risk management

I. Financial position:

Unit: thousand NTD

Fiscal year / Item	2019	2018	Amount change	Percentage change (%)
Current assets	15,365,918	14,861,158	504,760	3.40
Property, plant and equipment	10,037,395	8,768,849	1,268,546	14.47
Intangible assets	1,669,885	1,851,601	(181,716)	(9.81)
Other assets	5,441,725	4,748,561	693,164	14.60
Total assets	32,514,923	30,230,169	2,284,754	7.56
Current liabilities	9,300,535	8,172,613	1,127,922	13.80
Non-current liabilities	6,761,665	5,175,715	1,585,950	30.64
Total liabilities	16,062,200	13,348,328	2,713,872	20.33
Capital stock	8,257,099	8,257,099	0	0.00
Capital Surplus	47,140	45,158	1,982	4.39
Retained earnings	5,917,502	5,809,486	108,016	1.86
Total shareholders' equity	16,452,723	16,881,841	(429,118)	(2.54)

Description of addition, deduction, changes, and impacts:
The increase in non-current liabilities is due to the increase in long-term borrowings to attend to the capital expenses, which is applicable to "rent" increase rent liabilities in IFRS.

II. Financial performance:

Analysis and comparison of financial performance

Unit: thousand NTD

Fiscal year / Item	2019	2018	Amount change	Percentage change (%)
Revenue	28,910,723	29,751,218	(840,495)	(2.83)
Operating cost	25,533,439	26,262,504	(729,065)	(2.78)
Gross profit	3,377,284	3,488,714	(111,430)	(3.19)
Operating expenses	2,459,898	2,439,413	20,485	0.84
Other income and expenses	167,475	252,513	(85,038)	(33.68)
Operating profit	1,084,861	1,301,814	(216,953)	(16.67)
Non-operating revenues and gains	169,777	328,629	(158,852)	(48.34)
Net income before tax	1,254,638	1,630,443	(375,805)	(23.05)
Less: income tax expenses	437,518	396,773	40,745	10.27
Net income	817,120	1,233,670	(416,550)	(33.77)

Description of addition, deduction, changes, and impacts:
1. The reduction in other revenues and expenses is due to the decrease in rent and royalty income.
2. The reduction in non-operating income and interests is due to the reduction in the re-investment profits.

Sales volume forecast and the basis there of

Unit: metric ton

Name of product	2020	
	Sales volume fore cast	Basis
Synthetic rubber and elastomers	505,000	Subject to the requirement of the market and customers
Applied Materials	11,000	Subject to the requirement of the market and customers forecast growth
Total	516,000	

III. Cash flow analysis:

Cash balance at the beginning	Net cash flow from operating activities of the year	Cash inflow (outflow) of the year	The impact of exchange rate fluctuation on cash	Remainder (deficit) of cash	Remedy for insufficient cash	
					Investment plan	Financial plan
4,527,752	2,597,981	(2,070,108)	(360,345)	4,695,280	-	-

<1> Analysis of change in cash flow in the current year:

1. Business activities: Mainly comes from the cash flow NT$ 2,367,187 thousand from the gains and losses, cash flow NT$ 546,550 thousand, net interest expenses NT$ 72,167 thousand and paid income tax NT$ 243,589 thousand from the net changes in operating assets and liabilities.
2. Investment activities: net cash flow from investment activities NT$ 1,997,344 thousand, which comes mainly from the cash flow to acquire real estate, factories and equipment, NT$ 2,453,402 thousand, the collection of dividends, NT$ 159,352 thousand, disposal of financial assets NT$ 246,302 thousand and disposal of other non-current assets NT$ 50,404 thousand.
3. Fundraising activities: the net cash flow from fundraising activities is NT$ 72,764 thousand, which comes mainly from the increase in short-term borrowings NT$ 651,635 thousand, the increase in long-term borrowings NT$ 276,342 thousand, and the repayment of rent principal NT$ 195,171 thousand and distribution of cash dividends NT$ 805,570 thousand.

<2> Corrective measures to be taken in response to illiquidity: None

<3> Liquidity analysis for the coming year:

Unit: thousand NTD

Cash balance at the beginning(1)	Projected cash flow from operation of the year (2)	Estimated annual net cash flow from investing and financing activities(3)	Projected remainder (deficit) of cash (1)+(2)-(3)	Remedy for insufficient cash	
				Investment plan	Financial plan
4,695,280	2,135,000	(1,969,161)	4,861,119	-	-

IV. Impact of major capital expenditures within the most recent fiscal year on financial operations.

<1> Major capital expenditure condition and source of funding

Unit: thousand NTD

Item	Sources of funds	Actual of intended completion date	Amount	Year	
				2019	2020
New lines of SEBS	Self-owned capital and loads from banks	2019	3,069,000	1,435,600	734,600
SIS Pelletizing	Self-owned capital	2020	294,500	137,700	93,800
Production lines of advanced shoe materials	Self-owned capital and loads from banks	2019	731,600	501,600	154,000
R&D center	Self-owned capital	2020	233,000	0	233,000
Small commercialized factory	Self-owned capital	2022	1,333,000	0	75,000

<2> Benefits generated: Expected to increase profitability.

V. The Company's reinvestment policy for the most recent fiscal year, the main reasons for profit/loss generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

The Company continues holding on to the leading position in synthetic rubber. In terms of re-investment policy, the Company is actively stepping into the direction of making product development with high gross profit and high added value in special grade rubber to maintain the overall operating performances of the company.

VI. Analysis and assessment of risk management

<2> The effect of the change in interest rate and exchange rate and inflation on the profit and loss of the Company and future countermeasures

Unit: thousand NTD

2019	Amount	Accounting for the percentage of net operating revenues (%)	Accounting for the percentage of net profit before taxation (%)
Net interest income (expense)	(96,675)	(0.3)	(7.7)
Net exchange gain (loss)	45,523	0.2	3.6

Interest rate change:

The interest rate risk of the Company comes from the liabilities generated from the operating demand. If there are obvious fluctuations for the expected interest rate, the Company will adopt proper financial instruments, such as long-term liabilities with fixed interest rates, adjustment in the borrowing currency or loan period, to lower the costs of funds with the most suitable borrowing portfolio.

Exchange rate fluctuation:

The Company pays and collects money in foreign currencies in both sales and procurement. Hence, significant changes in exchange rate will affect the operating income, sales costs and operating profits of the Company. The Company has made exchange rate hedging on net position after cancelling out the assets and liabilities in foreign currencies held or expected to be traded to reduce the impact of fluctuations in exchange rate on our business operations.

Inflation:

The fluctuation of raw material prices may have an impact on the operation costs of the Company. The responding measures against the risk include the mechanism of bulk procurement and long-term contracts to lower the changes in costs. As for the sale price of products, the Company will make proper adjustments in accordance with costs and market conditions to manage the impact generated from inflation on the Company.

<2> Policy on high risk and high leverage investments, loans to others, guarantee and endorsement and derivative transactions, and the main reason for profit or loss, and response measure to be taken in the future

The Company has not engaged in any high-risk, high-leveraged investments, extending loans to others, or derivatives transactions. Granting endorsements and guarantees is limited to an investee Company accounted for under the equity method. The above transactions will be performed in accordance with relevant requirements prescribed in the Company's "Procedures for the Handling Acquiring or Disposal of Assets," "Procedures for Extending Loan to Others," "Procedures for Granting Endorsements and Guarantees."

<3> R&D work to be carried out in the future and future expenditures expected for R&D work

Unit: thousand NTD

Project name	Expected R&D spending
Develop new generation S-SBR products and enhance the capabilities of core technologies	50,000
Develop New catalyst BR products	35,000
Develop high value-added TPE products	350,000
Develop customized shoe materials and high-end applied materials	185,000
Develop a leading production process technology platform	115,000

<4> Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The Company has always complied with government's laws and regulations and monitored the change in government policies and laws at home and abroad. The change in government policies and laws in the country and overseas in the recent year did not cause any effect to the Company's finance and operations.

<5> Effect of changes in technology and industry dynamics on the Company's financial and business operations, as well as the measures to be taken in response:

As the industry technology develops, TSRC has invested greatly in R&D and process technology, continued to build various technology platforms, and worked with customers to jointly develop new technologies and products. Through these activities, TSRC was able to enhance its technology and provide new solutions for customers, strengthening TSRC's position in specialty materials applications and market segments. Since synthetic rubber business is highly influenced by the external factors such as butadiene price, natural rubber price, and synthetic rubber supply-demand balance, a sales-production-procurement (SPP) coordination mechanism is in place to periodically review those external factors to control upstream cost and reduce the impact of price fluctuations to the Company. In addition, TSRC has expanded its global presence to reduce the risk of being held limited to a single geographic location or industrial area, further strengthening TSRC's ability in responding to market changes.

<6> Effect of changes in the Company's corporate image on the Company's crisis management, and measures to be taken in response:

TSRC continues to be fully engaged in developing energy-saving materials and creating operational success in accordance with its Company value in corporate social responsibility (CSR) and sustainable business philosophy. TSRC also continues to pursue improvement and innovation in the economic, environmental and social dimensions of CSR, endeavoring to serve as a good corporate citizen and a positive force to the society. Moreover, TSRC attaches great importance to supporting the society throughvarious activities in helping disadvantaged students in local communities and other disadvantaged groups. At the same time, TSRC volunteers in schools to help with interactive chemistry education activities, demonstrating TSRC's attention to corporate contribution and creating value to the society.

Furthermore, TSRC implements policies to protect the Company's intellectual properties, confidential information, and personal information of its customers and employees.

TSRC expects to integrate CSR into its core operation process, fulfill sustainable growth, and become customers' long-term partners.In corporate governance, TSRC regularly holds shareholder meetings and investor conferences to increase the transparency of the Company's financial and operations. As for crisis management, TSRC has existing procedures to respond to crisis events including natural disasters and workplace accidents, reducing operational uncertainty to the minimum level.

<7> Expected benefits and risks associated with merger and acquisitions, and mitigation measures being or to be taken:

To achieve corporate transformation and increase shareholders value, TSRC continues to develop and assess equity investment, strategic alliance and merger and acquisitions (M&A) opportunities. The main risks of cross-border M&A include compliance with local M&A regulations and foreign investment requirements as well as post-M&A operation management. To ensure a smooth transition from transaction to post-deal integration, the Company would consult professional advisors with local expertise to set the deal structure conforming to both local and domestic regulations, while the management team would construct a global operating model to align with the Company's cross-border M&A strategy.

<8> Expected benefits and risks associated with plant expansion and mitigation measures being or to be taken:

To achieve organic growth and strengthen business portfolio via new products and geographic expansion, TSRC completed construction of the new twenty-thousand-metric-tons-per-year advanced SEBS line in Nantong, China and the new seven-thousand-metric-tons-per-year advanced shoe materials (ASM) plant in Vietnam with commercial production planned in 2020. The new SEBS production line incorporates advanced manufacturing processes and technologies, focusing on products for medical applications. The new ASM capacity in Vietnam expands customer base and increases supply chain efficiency. The two new production facilities strengthen overall TSRC competitiveness. The plant expansions are for operational purpose and the decision was made with careful capital expenditure planning, thus the associated risks should be limited.

<9> Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

Purchase: Capacity of the suppliers of butadiene, the Company's main raw materials, is limited. In order to stabilize the source of raw materials and in consideration of the acquisition cost, the Company entered into the supply contract with the domestic major suppliers to concentrate the supply. If the domestic suppliers suffer force majeure, the Company still can acquire the raw materials from foreign suppliers. Therefore, there is no likelihood of short supply of the raw materials.

Sales: Major customers of the Company are international factories and they are our long-term collaboration subjects. Most of them signed contract with us for sales and have good financial nature. Our business dept. has control on the amount for all customers and continues to conduct credit investigation on the customers for our sales. There are no major risks on the aforementioned business and operations.

<10> Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

In the case of directors, managers, or shareholders holding more than 10% of the Company's common share transferring a major quantity of shares or otherwise changed hands may result in the change of management of the Company or affecting the stock price of the Company. TSRC's directors, managers, and shareholders holding more than 10% of the Company's common share are required to report any changes in their shareholding to the competent authority. As of the date of this annual report, there have been no events of TSRC's directors, manager, or shareholders holding more than 10% of the Company's common share transferring a major quantity of shares or otherwise changed hands.

<11> Effect upon and risk to Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: No

<12> Litigious and non-litigious matters involved the Company and/or any Company director, any Company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any Company or companies controlled by the Company: No

<13> Other important risks, and mitigation measures being or to be taken: No

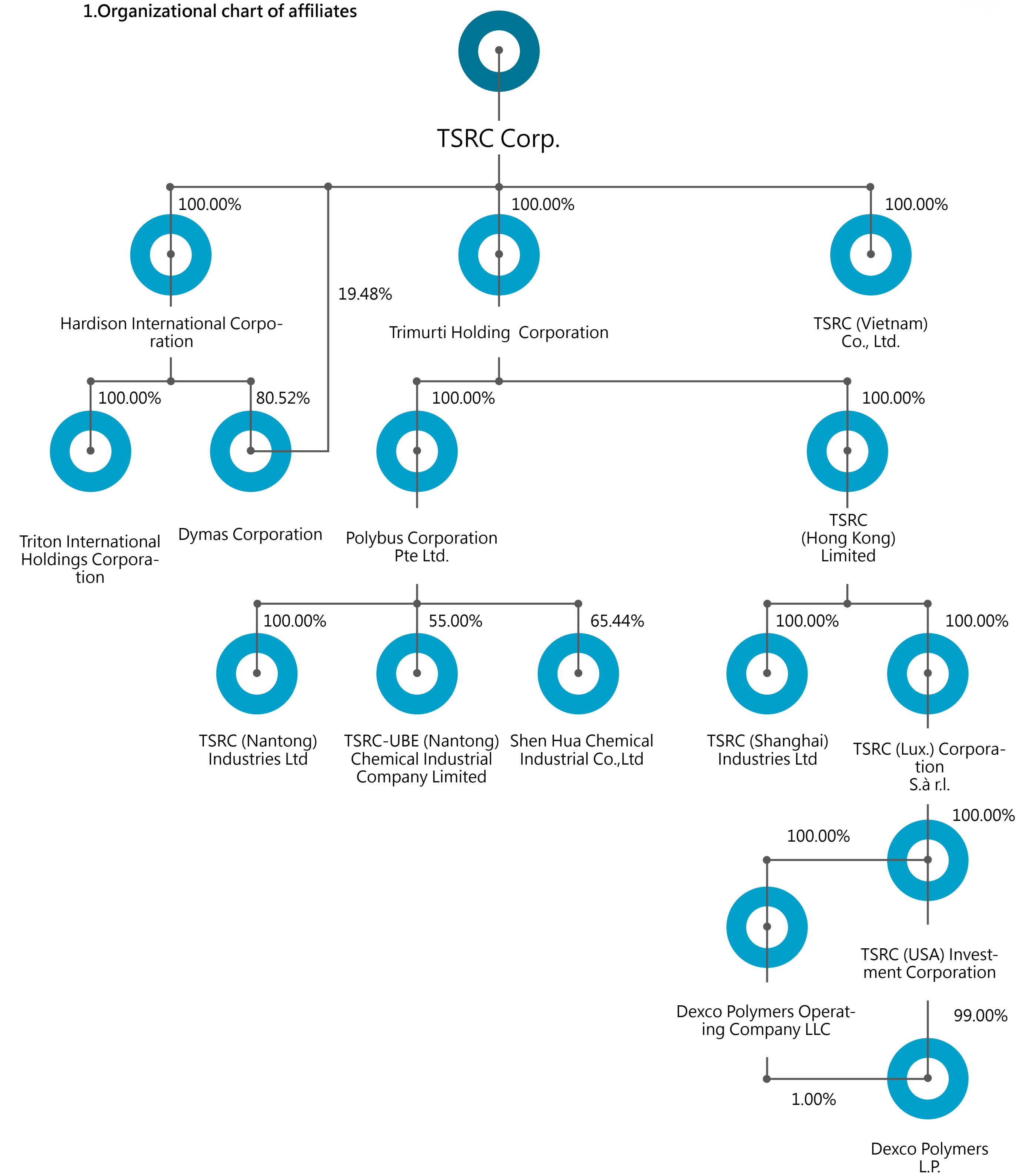
VII. Other important matters - No

Special items to be included

I. Information related to the Company's affiliates

<1> Company's Affiliate Business Report

1.Organizational chart of affiliates



2. Profiles of the Company's affiliates

Name of enterprise	Date of incorporation	Address	Actual received capitals	Major business or production items
Trimurti Holding Corporation	March 10,1994	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD 86,920,000	Investment corporation
Hardison International Corporation	March 11,1994	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD 3,896,000	Investment corporation
Dymas Corporation	March 19,1991	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD 5,960,000	Investment corporation
Polybus Corporation Pte Ltd.	February 25, 1995	100 Peck Seah Street #09-16 Singapore 079333	SGD 105,830,000	Trading and investment corporation
TSRC (Hong Kong) Limited	March 19, 2008	15/F BOC Group Life Assurance Tower 136 Des Voeux Road Central	USD 77,850,000	Investment corporation
Triton International Holdings Corporation	May 24, 1993	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD 50,000	Investment corporation
TSRC (Lux.) Corporation S.à r.l.	July 26, 2011	34-36 avenue de la Liberté, L-1930 Luxembourg	EUR 50,800,000	Trading and investment corporation
TSRC(USA) Investment Corporation	January 27, 2011	2711 Centerville Road, Suite 400, Country of New Castle, Wilmington, Delaware, 19808	USD 70,050,000	Investment corporation
Dexco Polymers L.P.	February 20, 2002	12012 Wickchester Lane, Suite 280, Houston, TX 77079	Note 1	Production and sale of TPE
TSRC (Shanghai) Industries Ltd	February 22, 2001.	No. 1406, Yu Shu Road,Hi-tech Park Songjiang Zone, Shanghai,P.R.C	USD 5,500,000	Production and sale of compounding materials
Shen Hua Chemical Industrial Co., Ltd	March 29, 1996.	NO.1 Shen Hua Road, Nantong Economic & Technology Development Area, Nantong Jiangsu, P.R.C.	USD41,220,000	Production and sale of synthetic rubber products
TSRC (Nantong) Industries Ltd	September 05, 2006	No. 22 Tong Wang Road, Nantong Economic & Technological Development Area, Nantong Jiangsu, P.R.C.	USD 105,125,000	Production and sale of TPE
TSRC-UBE (Nantong) Chemical Industrial Company Limited	December 06, 2006	No. 22 Tong Wang Road, Nantong Economic & Technological Development Area, Nantong Jiangsu, P.R.C.	USD 40,000,000	Production and sale of butadiene rubber
TSRC (Vietnam) Co., Ltd.	October 16, 2018	8 VSIP II-A Street 31, Vietnam Singapore Industrial Park II-A, Tan Uyen Town, Binh Duong Province, Vietnam	USD 9,000,000	Production and processing of plastic rubber granular, Thermoplastic Elastomer and plastic compound

Note1: TSRC (USA) Investment Corporation acquired 100% of equities of Dexco Polymers Operating Company LLC and Dexco Polymers LP with USD192,617 thousand in 2011.

Note2: TSRC (USA) Investment Corporation is a limited liability partner of Dexco Polymers L.P.; Dexco Polymers Operating Company LLC is a general partner of Dexco Polymers L.P. that is not involved in the actual operation. Thus, relevant information of Dexco Polymers Operating Company LLC is not additionally disclosed.

3. Companies presumed to have a relationship of control and subordination: No

4. The industries covered by the business operated by the affiliates and mutual dealings and division of work:

The company's overall relationship with the industries covered by the company's business operations is mainly based on the production and sales of synthetic rubber and TPE, and extends to the production and sales of plastic rubber masterbatch and plastic compounds.

5. Profiles of Directors, Supervisors and Presidents of the Company's affiliates:

Name of enterprise	Job title	Name of representative	Shares held	
			Share(s)	Shareholding
Trimurti Holding Corporation	Director	Joseph Chai	-	-
	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
Hardison International Corporation	Director	Joseph Chai	-	-
	Director	Wing-Keung Hendrick Lam	-	-
Dymas Corporation	Director	Joseph Chai	-	-
	Director	Wing-Keung Hendrick Lam	-	-
Polybus Corporation Pte Ltd.	Director	Joseph Chai	-	-
	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
TSRC (Hong Kong) Limited	Director	Joseph Chai	-	-
	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
TSRC (Lux.) Corporation S.à r.l.	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
	Director	Max Tsai	-	-
	Director	David Maria	-	-
	President	Christian Kafka	-	-
TSRC(USA) Investment Corporation	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
	Director	Max Tsai	-	-
	President	Wing-Keung Hendrick Lam	-	-
Triton International Holdings Corporation	Director	Joseph Chai	-	-
	Director	Edward Wang	-	-
Dexco Polymers L.P.	President	Max Tsai	-	-

Name of enterprise	Job title	Name of representative	Shares held	
			Share(s)	Shareholding
TSRC (Shanghai) Industries Ltd	Chairman	Wing-Keung Hendrick Lam	-	-
	Director	Huang-Cheng Kuo	-	-
	Director	Chin-Bao Lu	-	-
	Director	Thomas Lin	-	-
	Supervisor	Edward Wang	-	-
	President	Peter Lee	-	-
Shen Hua Chemical Industrial Co., Ltd	Chairman	Kevin Liu	-	-
	Director	Edward Wang	-	-
	Director	R. L. Chiu	-	-
	Director	Thomas Lin	-	-
	Director	Chao Yang Jiang	-	-
	Director	Qiang Xin Lu	-	-
	Director	SATOSHI OYAMA	-	-
	President	Chao Yang Jiang	-	-
TSRC (Nantong) Industries Ltd	Chairman	Wing-Keung Hendrick Lam	-	-
	Director	Calvin Su	-	-
	Director	Chin-Bao Lu	-	-
	Supervisor	Edward Wang	-	-
	President	Calvin Su	-	-
TSRC-UBE (Nantong) Chemical Industrial Company Limited	Chairman	Kevin Liu	-	-
	Director	Thomas Lin	-	-
	Director	R. L. Chiu	-	-
	Director	Mori Shigeru	-	-
	Director	SATOSHI OYAMA	-	-
	Supervisor	Edward Wang	-	-
	President	Chao Yang Jiang	-	-
TSRC (Vietnam) Co., Ltd.	Chairman	Wing-Keung Hendrick Lam	-	-
	Director	Huang-Cheng Kuo	-	-
	Director	Edward Wang	-	-
	President	Huang-Cheng Kuo	-	-

6. Overview of operation of affiliates

Unit: thousand NTD

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Gain/loss current period (after tax)	EPS after tax (NTD)
Trimutri Holding Corporation	2,613,156	13,358,475	408	13,358,067	-	(31,697)	716,150	8.24
Hardison International Corporation	117,302	927,087	-	927,087	-	(70)	85,956	22.06
Dymas Corporation	179,419	994,886	-	994,886	-	(109)	97,870	16.42
Polybus Corporation Pte Ltd.	2,167,632	8,480,554	1,230,951	7,249,603	429,429	8,751	654,489	6.18
TSRC (Hong Kong) Limited	2,343,752	3,175,843	24,602	3,151,241	-	(533)	(9,184)	(0.12)
TSRC (Lux.) Corporation S.à r.l.	1,714,439	3,564,039	1,015,533	2,548,506	2,767,910	(9,348)	(86,545)	(1.70)
TSRC (USA) Investment Corporation	2,108,925	3,019,145	528,978	2,490,167	-	(185,246)	(76,335)	(1.09)
Dexco Polymers L.P.	-	2,625,725	1,104,899	1,520,826	4,054,974	138,586	115,183	0.00
Triton International Holdings Corporation	1,505	119,631	-	119,631	-	(35)	7,211	144.22
TSRC (Shanghai) Industries Ltd	165,583	567,738	76,711	491,027	550,949	85,430	81,606	0.00
Shen Hua Chemical Industrial Co., Ltd	1,240,969	3,563,405	884,570	2,678,835	6,484,818	214,227	142,721	0.00
TSRC (Nantong) Industries Ltd	3,164,893	6,332,277	1,996,728	4,335,549	4,476,796	652,332	496,578	0.00
TSRC-UBE (Nantong) Chemical Industrial Company Limited	1,204,240	2,150,476	703,307	1,447,169	2,851,429	80,073	61,066	0.00
TSRC (Vietnam) CO., Ltd.	270,954	732,625	488,270	244,355	-	(25,218)	(25,105)	0.00

Note: Spot exchange rate on the balance sheet date under the title of assets=USD1:NTD 30.106.
Spot exchange rate on the balance sheet date under the title of income=USD1:NTD 30.923.

<2> Consolidated financial statements of the affiliated companies

Representation Letter

The entities that are required to be included in the combined financial statements of TSRC Corporation as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TSRC Corporation does not prepare a separate set of combined financial statements.

Company name: TSRC Corporation

Chairman: Nita Ing

Date: March 17, 2020

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<3> Relation Statement

Statement

The 2019 Relation Statement of the Company (from Jan. 1, 2019 to Dec. 31, 2019) was prepared in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the disclosed information was in accordance with the relevant information in the consolidated financial statement during the aforementioned period without major incompliance.

Hereby specified

Company name: TSRC Corporation

Chairman: Nita Ing

Date: March 17, 2020

Letter

To TSRC Corporation:

The 2019 Relation Statement prepared by TSRC Corporation was in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". The relevant financial information was reviewed according to the information disclosed in the notes of the consolidated financial statements during the aforementioned period by the accountants.

According to the review results from the accountants, the 2019 Relation Statement of TSRC Corporation disclosed relevant information in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". Its financial contents are consistent with the consolidated financial statement. Hence, there is no need for major modification.

KPMG International

CPA: Po Shu Huang and Ming Hung Huang

Document No. certified by security competent agency:
Tai Tsai Cheng Liou Tzu No. 0920122026
Chin Kuan Cheng Shen No. 1060005191
March 17, 2020

1.Relation between the subordinate company and the controlling company

Unit: shares; %

Name of the Controlling Companies	Controlled Reasons	Shareholdings and pledges of the controlling companies			Employees sent by controlling company as directors, supervisors or managers	
		Shareholdings	Shareholding ratio	Pledged shares	Position	Name
Wei Dah Development Co.,Ltd.	Jointly control subordinate company with over half of the board	53,708,923	6.50%	24,200,000	Chairman	Nita Ing
Han-De Construction Co.,Ltd.	Jointly control subordinate company with over half of the board	63,093,108	7.64%	7,550,000	Director	Chin-Shan Chiang Jing-Lung Huang John T. Yu
Mao Shi Corporation	Controlling company of Wei Dah Development Co.,Ltd.and Han-De Construction Co.,Ltd.					
Jade Fortune Enterprises Inc.	Controlling company of Mao Shi Corporation					
Palmy Corporation	Controlling company of Jade Fortune Enterprises Inc.					
Pan Asia Corporation	Controlling company of Palmy Corporation					
Vanteva Corporation	Controlling company of Pan Asia Corporation					
Montrion Corporation	Controlling company of Vanteva Corporation					

2.Trade correspondences

The trade correspondences of the Company with controlling company in 2019 are as follows:
(1) Import and sales trading: none.
(2) Property trading: none.
(3) Financing: none.
(4) Asset leasing: none.
(5) Others: none.

3. Endorsements/guarantees: none.

II. State of the Company's private placement of marketable securities: No.

III. Holding or disposal of the Company's shares by the Company's subsidiaries: No.

IV. Other matters that require additional description: No.

Other disclosures

<1> Employees' ethics

The Company published the "Code of Dutiful Conduct" for the employees in 2002, followed by 5 amendments which clearly specifying that, in performing relevant internal and external Company tasks under their duties in the Company, employees must comply with the regulations about the effective utilization of resources and assets, the protection of trade secrets, the prohibition of insider trading, anti-trust rules, fair trade, avoidance of conflict between the Company and personal interests, avoidance of private benefits, the prohibition of bribery, and regulations or network use and second jobs. Corresponding sanctions are also put in place.

<2> Protection measures for working environment and employees' safety

Based on the "Security Policy" formulated by the Company, people orientation is disclosed as the core value of the Company. Furthermore, through the operation specifications for "technology," "safety culture," "Responsibility," and "communication" the goals of zero disasters and zero losses are pursued.

The Company organizes the emergency response, disaster-prevention and safety training, annual health examination, health workshops and psychological consultation, and safety operation environmental testing on a regular basis to ensure that the workplace security and employee personal safety.

The Company has also achieved OHSAS 18001 and CNS15506 requirements for certificates of Occupational Health and Safety Management System, and gained the ISO14001 environmental management system certification to duly fulfill its environmental responsibilities.

Any circumstances referred to in Paragraph 3(2) of Article 36 of the Securities and Exchange Act which might materially affect shareholders' equity or the price of the Company's securities-None

Representation Letter

The entities that are required to be included in the combined financial statements of TSRC Corporation as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TSRC Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TSRC Corporation

Chairman: Nita Ing

Date: March 17, 2020

Independent Auditors' Report

To the Board of Directors of TSRC Corporation:

Opinion

We have audited the consolidated financial statements of TSRC Corporation ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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.

Emphasis of Matter

As stated in Note 3(a), the Group initially adopt the IFRS 16, "Leases" at January 1, 2019 and apply the modified retrospective approach, with no restatement of comparative period amounts. Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year end December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. **Revenue recognition**
   Please refer to note 4(q) and note 6(v) for disclosures related to revenue recognition.
   Description of key audit matter:
   Revenue is the key indicator used by investors and management while evaluating the Group's finance or operating performance. The accuracy of the timing and amount of revenue recognized have significant impact on the financial statements, for which the assumptions and judgments of revenue measurement and recognition rely on subjective judgments of the management. Therefore, we consider it as the key audit matter.

How the matter was addressed in our audit:
Testing the effectiveness of design and implementing the internal control (both manual and system control) of sales and collecting cycle; reviewing the revenue recognition of significant sales contracts to determine whether the accounting treatment, key judgment, estimation, and accounting treatment are reasonable; analyzing the changes in top 10 customers from the most recent period and last year, and the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements; selecting sales transactions from a period of time before and after the balance sheet date, and verifying with the vouchers to determine the accuracy of the timing and amounts of revenue recognized; understanding whether if there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

2. **Inventory measurement**
Please refer to note 4(h), note 5, and note 6(f) for disclosures related to inventory measurement.
Description of key audit matter:
The inventory of the Group includes various types of synthetic rubber and its raw material. Since there is an oversupply and a low market demand in the rubber manufacturing industry, which may result in a decline on the price of raw material, the carrying value of inventories may exceed its net realizable value. The measurement of inventory depends on the evaluation of the management based on evidence from internal and external, both subjective and objective. Therefore, we consider it as the key audit matter.
How the matter was addressed in our audit:
The key audit procedures performed is to understand management's accounting policy of inventory measurement and determine whether if it is reasonable and is being implement. The procedures includes reviewing the inventory aging documents and analyzing its changes; obtaining the documents of inventory measurement and evaluating whether if the bases used for net realizable value is reasonable; selecting samples and verifying them with the vouchers to test the accuracy of the amount; and reviewing whether the disclosure of inventory measurement made by the management is appropriate.

Other Matter
TSRC Corporation has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the the Group'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 Group or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 auditing standards generally accepted in 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 consolidated financial statements.

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

1. IIdentify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report are Po-Shu Huang and Ming-Hung Huang.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2020

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
Current assets				
Cash and cash equivalents (note 6(a))	$ 4,695,280	14	4,527,752	15
Financial assets at fair value through profit or loss - current (note 6(b))	14	-	679	-
Notes receivable, net (note 6(d))	866,347	3	558,944	2
Accounts receivable, net (note 6(d))	2,759,617	8	2,873,893	10
Other receivable (notes 6(e) and 7)	136,351	-	91,395	-
Current income tax assets	80	-	21,636	-
Inventories (note 6(f))	6,414,679	20	6,449,363	21
Other current assets (note 6(e))	493,550	2	337,496	1
Total current assets	15,365,918	47	14,861,158	49
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,137,888	4	1,299,806	4
Investments accounted for under equity method (notes 6(g) and 7)	1,098,591	3	1,067,378	4
Property, plant and equipment (notes 6(h), 6(j), 8 and 9)	10,037,395	31	8,768,849	29
Right-of-use assets (note 6(i))	1,331,571	4	-	-
Investment property (note 6(j))	1,581,599	5	1,596,324	5
Intangible assets (note 6(k))	1,669,885	5	1,851,601	6
Deferred income tax assets (note 6(r))	220,439	1	244,319	1
Other non-current assets (notes 6(l) and 8)	71,637	-	540,734	2
Total non-current assets	17,149,005	53	15,369,011	51
Total assets	$ 32,514,923	100	30,230,169	100

(See accompanying notes to consolidated financial statements.)

	December 31, 2018		December 31, 2017	
Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
Current liabilities:				
Short-term borrowings (note 6(m))	$ 4,729,148	15	4,147,772	14
Current portion of long-term borrowings (notes 6(m) and 8)	287,235	1	850,000	3
Financial liabilities at fair value through profit or loss — current (note 6(b))	5,672	-	2,066	-
Accounts payable	2,392,346	7	1,514,522	5
Accounts payable - related parties (note 7)	59,418	-	-	-
Current income tax liabilities	121,726	-	133,032	-
Other payable (notes 6(n), 6(q), 6(u) and 7)	1,309,810	4	1,330,672	4
Current lease liabilities (note 6(o))	175,942	-	-	-
Other current liabilities (note 6(m))	219,238	1	194,549	1
Total current liabilities	9,300,535	28	8,172,613	27
Non-Current liabilities:				
Long-term bank borrowings (notes 6(m) and 8)	4,672,705	15	3,718,325	12
Other long-term borrowings (note 6(m))	349,287	1	499,693	2
Provision liabilities - non-current (note 7)	19,227	-	29,189	-
Deferred income tax liabilities (note 6(o))	855,481	3	695,682	2
Non-current lease liabilities (note 6(n))	685,689	2	-	-
Other non-current liabilities (note 6(m) and 6(q))	179,276	1	232,826	1
Total-non current liabilities	6,761,665	22	5,175,715	17
Total liabilities	16,062,200	50	13,348,328	44
Equity attributable to shareholders of the Company (notes 6(s) and 6(y)):				
Common stock	8,257,099	25	8,257,099	27
Capital surplus	47,140	-	45,158	-
Retained earnings:				
Legal reserve	3,977,141	12	3,857,922	13
Unappropriated earnings	1,940,361	6	1,951,564	6
	5,917,502	18	5,809,486	19
Other equity:				
Financial statement translation differences for foreign operations	23,383	-	465,589	2
Unrealized gain on financial assets measured at fair value through other comprehensive income	711,094	2	801,805	3
Gains (losses) on hedging instrument	(80,526)	-	(68,134)	-
	653,951	2	1,199,260	5
Total equity attributable to shareholders of the Company	14,875,692	45	15,311,003	51
Non-controlling interests	1,577,031	5	1,570,838	5
Total equity	16,452,723	50	16,881,841	56
Total liabilities and equity	$ 32,514,923	100	30,230,169	100

(See accompanying notes to consolidated financial statements.)

Chairman:Nita Ing　　Manager:Joseph Chai　　Chief Accountant:Ming-Huang Chen

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2018		2017	
	Amount	%	Amount	%
Revenue (notes 6(v) and 7)	$ 28,910,723	100	29,751,218	100
Operating costs (notes 6(f), 6(h), 6(i), 6(k), 6(l), 6(n), 6(o), 6(p), 6(q), 6(u) and 7)	25,533,439	88	26,262,504	88
Gross profit	3,377,284	12	3,488,714	12
Operating expenses (notes 6(d), 6(h), 6(i), 6(k), 6(l), 6(o), 6(p), 6(q), 6(u) and 7):				
Selling expenses	976,947	3	959,417	3
General and administrative expenses	1,094,304	4	1,081,834	4
Research and development expenses	389,840	1	387,948	1
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(1,193)	-	10,214	-
Total operating expenses	2,459,898	8	2,439,413	8
Other income and expenses, net (notes 6(j), 6(w) and 7)	167,475	-	252,513	-
Operating profit	1,084,861	4	1,301,814	4
Non-operating income and expenses (notes 6(g), 6(o), 6(x) and 7):				
Other income	161,867	-	171,366	1
Other gains and losses	12,334	-	28,977	-
Finance costs	(188,550)	-	(169,434)	(1)
Share of gain of associates and joint ventures accounted for under equity method	184,126	-	297,720	1
Total non-operating income and expenses	169,777	-	328,629	1
Net income before tax	1,254,638	4	1,630,443	5
Less: Tax expenses (note 6(r))	437,518	1	396,773	1
Net income	817,120	3	1,233,670	4
Other comprehensive income:				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined benefit plans	(20,478)	-	(21,854)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	106,662	-	177,996	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	86,184	-	156,142	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Exchange differences on translation of foreign financial statements	(499,164)	(2)	(12,155)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	(26,045)	-	(150,695)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	(525,209)	(2)	(162,850)	-
Other comprehensive income	(439,025)	(2)	(6,708)	-
Total comprehensive income	$ 378,095	1	1,226,962	4
Net income attributable to:				
Shareholders of parent	$ 740,316	3	1,192,186	4
Non-controlling interests	76,804	-	41,484	-
	$ 817,120	3	1,233,670	4
Total comprehensive income attributable to:				
Shareholders of parent	$ 371,902	1	1,222,054	4
Non-controlling interests	6,193	-	4,908	-
	$ 378,095	1	1,226,962	4
Basic earnings per share (in New Taiwan dollars) (note 6(t))	$	0.90		1.44
Diluted earnings per share (in New Taiwan dollars) (note 6(t))	$	0.89		1.44

(See accompanying notes to consolidated financial statements.)

Chairman:Nita Ing Manager:Joseph Chai Chief Accountant:Ming-Huang Chen

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent				
			Retained earnings		
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total
Balance at January 1, 2018	$ 8,257,099	41,043	3,770,512	1,691,172	5,461,684
Appropriation and distribution:					
Legal reserve	-	-	87,410	(87,410)	-
Cash dividends		-	-	(792,682)	(792,682)
Other changes in capital surplus	-	4,115	-	-	-
Net income	-	-	-	1,192,186	1,192,186
Other comprehensive income (loss)	-	-	-	(21,854)	(21,854)
Total comprehensive income (loss)	-	-	-	1,170,332	1,170,332
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	(29,848)	(29,848)
Balance at December 31, 2018	8,257,099	45,158	3,857,922	1,951,564	5,809,486
Appropriation and distribution of retained earnings:					
Legal reserve appropriated	-	-	119,219	(119,219)	-
Cash dividends of ordinary share	-	-	-	(809,195)	(809,195)
Other changes in capital surplus	-	1,982	-	-	-
Profit (loss)	-	-	-	740,316	740,316
Other comprehensive income	-	-	-	(20,478)	(20,478)
Total comprehensive income	-	-	-	719,838	719,838
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	197,373	197,373
Balance at December 31, 2019	$ 8,257,099	47,140	3,977,141	1,940,361	5,917,502

Equity attributable to owners of parent						
Total other equity interest						
Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on effective portion of cash flow hedges	zTotal	Total equity attributable to owners of parent	Non controlling interests	Total equity
512,008	593,961	11,721	1,117,690	14,877,516	1,565,930	16,443,446
-	-	-	-	-	-	-
-	-	-	-	(792,682)	-	(792,682)
-	-	-	-	4,115	-	4,115
-	-	-	-	1,192,186	41,484	1,233,670
(46,419)	177,996	(79,855)	51,722	29,868	(36,576)	(6,708)
(46,419)	177,996	(79,855)	51,722	1,222,054	4,908	1,226,962
-	29,848	-	29,848	-	-	-
465,589	801,805	(68,134)	1,199,260	15,311,003	1,570,838	16,881,841
-	-	-	-	-	-	-
-	-	-	-	(809,195)	-	(809,195)
-	-	-	-	1,982	-	1,982
-	-	-	-	740,316	76,804	817,120
(442,206)	106,662	(12,392)	(347,936)	(368,414)	(70,611)	(439,025)
(442,206)	106,662	(12,392)	(347,936)	371,902	6,193	378,095
-	(197,373)	-	(197,373)	-	-	-
23,383	711,094	(80,526)	653,951	14,875,692	1,577,031	16,452,723

(See accompanying notes to consolidated financial statements.)

Chairman:Nita Ing　　Manager:Joseph Chai　　Chief Accountant:Ming-Huang Chen

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Consolidated net income before tax	$ 1,254,638	1,630,443
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	996,958	874,575
Amortization	154,210	152,640
Impairment loss (reversal of impairment loss)	(1,193)	10,214
Interest expense	188,550	169,434
Interest income	(91,875)	(78,175)
Dividend income	(69,992)	(81,371)
Share of profit of associates and joint ventures accounted for under equity method	(184,126)	(297,720)
Loss on disposal of property, plant and equipment	35,325	23,824
Amortization to operating costs and inventories / Amortization of long-term prepaid rent	84,692	9,768
Gains from bargain purchase	-	(11,820)
Total adjustments to reconcile profit and loss	1,112,549	771,369
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	665	(679)
Notes receivable	(307,403)	350,523
Accounts receivable	115,469	23,481
Other receivable	(36,889)	(6,304)
Inventories	34,684	(408,683)
Other current assets	(155,736)	43,073
Total changes in operating assets, net	(349,210)	1,411
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	3,606	1,840
Accounts payable	877,824	(278,570)
Accounts payable - related parties	59,418	(35,663)
Other payable	(32,121)	176,107
Other current liabilities	31,676	16,088
Net defined benefit liability	(49,035)	(56,752)
Other operating liabilities	4,392	22,245
Total changes in operating liabilities, net	895,760	(154,705)
Total changes in operating assets and liabilities, net	546,550	(153,294)
Total adjustments	1,659,099	618,075
Cash provided by operating activities	2,913,737	2,248,518

	2019	2018
Interest income received	104,889	69,172
Interest paid	(177,056)	(158,376)
Income taxes paid	(243,589)	(286,326)
Net cash provided by operating activities	2,597,981	1,872,988
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	246,302	-
Acquisition of investments accounted for under equity method	-	(42,184)
Acquisition of property, plant and equipment	(2,454,201)	(1,237,645)
Proceeds from disposal of property, plant and equipment	799	727
Decrease in other non-current assets	50,404	(89,986)
Dividends received	159,352	131,845
Proceeds from capital repayments of investments accounted for under equity method	-	245,391
Net cash used in investing activities	(1,997,344)	(991,852)
Cash flows from financing activities:		
Increase in short-term borrowings	21,324,066	36,511,929
Decrease in short-term borrowings	(20,672,431)	(39,037,284)
Increase in short-term commercial paper payable	-	1,119,523
Decrease in short-term commercial paper payable	-	(1,470,000)
Proceeds from long-term borrowings	1,446,799	3,753,662
Repayments of long-term borrowings	(1,014,794)	(800,000)
Increase (decrease) in other long-term borrowings	(155,663)	494,940
Decrease in finance lease liabilities	-	(6,584)
Payment of lease liabilities	(195,171)	-
Cash dividends paid	(807,552)	(791,238)
Overaging unclaimed dividends	1,982	4,115
Net cash used in financing activities	(72,764)	(220,937)
Effect of exchange rate changes on cash and cash equivalents	(360,345)	307,113
Net increase in cash and cash equivalents	167,528	967,312
Cash and cash equivalents at beginning of period	4,527,752	3,560,440
Cash and cash equivalents at end of period	$ 4,695,280	4,527,752

(See accompanying notes to consolidated financial statements.)

Chairman:Nita Ing　　Manager:Joseph Chai　　Chief Accountant:Ming-Huang Chen

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

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

<1> Organization and Business Scope

TSRC Corporation (the original name was Taiwan Synthetic Rubber Corporation, hereinafter referred to as "the Company") was incorporated in the Republic of China (ROC) on November 22, 1973, as a corporation limited by shares in accordance with the ROC Company Act. In May 1999, Taiwan Synthetic Rubber Corporation was renamed TSRC Corporation as approved by the stockholders' meeting. In June 2016, the Company changed its registered address to be No.2, Singgong Rd., Dashe Dist., Kaohsiung City. The consolidated financial statements comprise the Company and its subsidiaries (the Group) and the interests of the Group in associate companies and in jointly controlled companies. The Group is mainly engaged in the manufacture, import and sale of various types of synthetic rubber, and the import, export, and sale of related raw materials. Please refer to note 14.

<2> Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were approved by the Board of Directors and published on March 17, 2020.

<3> New Standards, Interpretations and Amendments

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning, or after, January 1, 2019. The differences between the current version and the previous version are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of significant changes are as follows:

(i) IFRS 16 "Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is, or contains, a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is, or contains, a lease based on the definition of a lease, as explained in Note 4(m).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on, or after, January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes the right-of-use assets and lease liabilities for most its leases, which are recorded in the balance sheet.

The Group decided to apply the recognition exemptions to the short-term leases of its buildings and leases of transportation equipment.

● Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group' s incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee' s incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognize the right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

● Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amounts of the right of use asset and the lease liability at January 1, 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group recognizes its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease is a finance lease under IFRS 16.

4) Impacts on financial statements

On transition to IFRS 16, the Group recognized the additional amounts of $1,553,808 thousands of right-of-use assets and $1,061,164 thousands of lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.29%.

The explanation of the differences between the operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and the lease liabilities recognized in the statement of financial position at the date of initial application disclosed is as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group' s consolidated financial statements	$ 374,441
Extension and termination options reasonably certain to be exercised	695,161
	$ 1,069,602
Discounted using the incremental borrowing rate at January 1, 2019	$ 1,025,326
Finance lease liabilities recognized as at December 31, 2018	35,838
Lease liabilities recognized at January 1, 2019	$ 1,061,164

(ii) IFRIC 23 "Uncertainty over Income Tax Treatments"

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations.

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

The Group does not expect the application of IFRIC 23 to have any significant impact on its consolidated financial statements on December 31, 2019.

(b) The impact of IFRS endorsed by FSC that will soon take effect

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning, or after, January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

The Group assessed that the above IFRSs may not be relevant to the Group.

<4> Significant Accounting Policies

The significant accounting policies presented in the consolidated financial statements are summarized as follows. Except for those described otherwise, the accounting policies have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently to the balance sheet as of reporting date.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the Regulations) and the IFRSs endorsed by the FSC.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for those otherwise explained in the accounting policies in the notes.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment. The consolidated financial statements are presented in New Taiwan dollars, which is Company's functional currency. The assets and liabilities of foreign operations are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions and balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The comprehensive income from subsidiaries is allocated to the Company and its non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over its subsidiaries are accounted for as equity transactions. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the parent.

When the Group loses control of a subsidiary, the Group derecognizes the assets (including goodwill) and liabilities of the former subsidiary at their carrying amounts from the consolidated statement and re-measures the fair value of retained interest at the date when control is lost. A gain or loss is recognized in profit or loss and is calculated as the difference between:

1) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and
2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any noncontrolling interest.

The Group shall apply the accounting treatment to all previously recognizes amount related to its subsidiary in its comprehensive income as if the related assets and liabilities were disposed by the Group directly.

(ii) List of the subsidiaries included in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements

Name of investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2019	December 31, 2018	
TSRC	Trimurti Holding Corporation	Investment	100.00%	100.00%	
TSRC	Hardison International Corporation	Investment	100.00%	100.00%	
TSRC & Hardison International Corporation	Dymas Corporation	Investment	100.00%	100.00%	(note 1)
TSRC	TSRC (Vietnam) Co., Ltd.	Production and processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products	100.00%	100.00%	(note 4)
Trimurti Holding Corporation	Polybus Corporation Pte Ltd.	International commerce and investment	100.00%	100.00%	
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	Investment	100.00%	100.00%	
TSRC (Hong Kong) Limited	TSRC (Shanghai) Industries Ltd.	Production and sale of re-engineering plastic, plastic compound metal, and plastic elasticity engineering products	100.00%	100.00%	
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.'a r.l.	International commerce and investment	100.00%	100.00%	
TSRC (Lux.) Corporation S.'a r.l.	TSRC (USA) Investment Corporation	Investment	100.00%	100.00%	
TSRC (USA) Investment Corporation	Dexco Polymers L.P.	Production and sale of synthetic rubber products	100.00%	100.00%	(note 2)
Polybus Corporation Pte Ltd.	Shen Hua Chemical Industrial Co,. Ltd.	Production and sale of synthetic rubber products	65.44%	65.44%	
Polybus Corporation Pte Ltd.	TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	55.00%	55.00%	
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	100.00%	100.00%	
Hardison International Corporation	Triton International Holdings Corporation	Investment	100.00%	100.00%	
Hardison International Corporation	TSRC Biotech Ltd.	Investment	-	-	(note 3)

Note1 : TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation.

Note2 : TSRC (USA) Investment Corporation is a limited liability shareholder of Dexco Polymers Operating LLC (Dexco LLC). TSRC (USA) directly owns 99% of Dexco Polymers L.P., and indirectly owns Dexco Polymers L.P. via Dexco LLC. Dexco LLC does not engage in operations, so there is no further disclosure of the consolidated information.

Note3 : TSRC Biotech Ltd. completed its dissolution procedure in June 2018.

Note4 : TSRC made the resolution to establish TSRC (Vietnam) Co., Ltd. by the Board of Directors in May 2018, and TSRC (Vietnam) Co., Ltd. has been established in October 2018.

(d) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

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

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

1) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
2) It holds the asset primarily for the purpose of trading;
3) It expects to realize the asset within twelve months after the reporting period; or
4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

1) It expects to settle the liability in its normal operating cycle;
2) It holds the liability primarily for the purpose of trading;
3) The liability is due to be settled within twelve months after the reporting period even if refinancing or a revised repayment plan is arranged between the reporting date and the issuance date of the financial statements; or
4) It 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 the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, time deposits, and short-term investments with high liquidity that are subject to an insignificant risk of changes in their fair value.

The time deposits with maturity of one year or less from the acquisition date are listed in cash and cash equivalents because they are held for the purpose of meeting short-term cash commitments instead of investment or other purposes, are readily convertible to a fixed amount of cash, and are subject to an insignificant risk of changes in value.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group 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, for an item not at fair value through profit or loss (FVTPL), 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.

(i) Financial assets

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

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model in managing its financial assets.

1) 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, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes its loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivable and guarantee deposit paid).

The Group measures its loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

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 Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group 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 Group's historical experience and informed credit assessment, as well as forward-looking information.

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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI 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.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’ s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

3) 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.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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.

5) Derecognition of financial liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

6) Derecognition of financial liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract not designated as at fair value through profit or loss issued by the Group is recognized initially at fair value plus any directly attributable transaction cost. After initial recognition, it is measured at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted-average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write-down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write-down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

The equity of associates is incorporated in these consolidated financial statements using the equity method. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in the Group's proportionlate share in the investee.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group adopts the acquisition method for changes in ownership interests of investment in associates. Goodwill is measured at the amount of fair value transferred out subtracted by the net amounts of the identifiable assets acquired and the liabilities assumed (normally measured at fair value) on the acquisition-date. If the balance after subtraction is negative, the Group shall first reassess if all the assets acquired and the liabilities are identified correctly, then the Group can recognizes gain from bargain purchase in profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group shall continue to apply the equity method without remeasuring the retained interest.

(j) Joint arrangements

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless the Group qualifies for exemption from that Standard. Please refer to note 4(i) for the application of the equity method.

The Group determines the type of joint arrangement in which it is involved by considering the structure and form of the arrangement, the separate legal vehicle, the terms agreed by the parties in the contractual arrangement and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(k) Property, plant and equipment

(i) 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 profit or loss.

(ii) Reclassification to investment properties

Property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(iii) Subsequent cost

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

(iv) 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 has an unlimited useful life and therefore is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

1)	Land improvements	8~30 years
2)	Buildings	3~60 years
3)	Machinery	3~40 years
4)	Furniture and fixtures equipment	3~8 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as a change in an accounting estimate.

(l) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(m) Leases

Applicable commencing January 1, 2019

(i) Identifying a lease

At inception of a contract, the Group 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
3) the Group has the right to direct use of the asset when it has the decision-making rights that are most relevant to changing how, and for what purpose, the asset is used. In rare cases where the decision about how, and for what purpose, the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

- the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
- the Group designed the asset in a way that predetermines how, and for what purpose, it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(ii) As a leasee

The Group 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 using the 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- 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:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment of the underlying asset purchase option; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is 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 Group 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 Group presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

Applicable before January 1, 2019

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term.

(ii) Lessee

Leases in which the Group assumes substantially all of the risks and rewards of ownership of leased assets are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present of the minimum lease payments. Subsequent minimum lease payments are attributable to finance cost and the reduction of the outstanding liabilities, and the finance cost is allocated to each period during the lease term using a constant periodic rate of interest on the remaining balance of the liability. The acquisition of property, plant and equipment under a finance lease is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognized in the Group's statement of financial position. Payments made under an operating lease are recognized in profit or loss on a straight-line basis over the term of the lease.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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 Group 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, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) 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, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) 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 of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Computer software	3 years
2) Industrial technology and know-how	10~20 years
3) Patent	20 years
4) Non-compete agreement	3 years
5) Customer relationship	18 years
6) Trademark and goodwill	Uncertain useful liv

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

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(o) Impairment - non-financial assets

At each reporting date, the Group 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 CGUs.

The recoverable amount of an asset or 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 CGU.

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

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other 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 depreciation or amortization, if no impairment loss had been recognized.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(q) Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

(i) Sale of goods

The Group is mainly engaged in the manufacture and sale of various types of synthetic rubber. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the ownership of the significant risks and rewards of the products have been transferred to the customer, and the Group is no longer engaged with the management 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 and the acceptance provisions have lapsed, or the Group 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 Group has a right to an amount of consideration that is unconditional.

(ii) Management services

The Group is engaged in providing management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided at the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on surveys of work performed.

(iii) Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

The Group' s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group 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.

(s) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be 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 shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group 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

(iii) 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 may be offset against each other if the following criteria are met:

(i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend annually either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities, simultaneously.

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.

(t) Earnings per share

Earnings per share (EPS) of common stock are calculated by dividing net income (or loss) for the reporting period attributable to common stockholders by the weighted-average number of common shares outstanding during that period. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

Employee bonuses in the form of stock of the Company are potential stock. If the potential stock does not have a dilutive effect, only the basic earnings per share are disclosed; otherwise, diluted earnings per share are disclosed in addition to the basic earnings per share. When computing diluted earnings per share with regard to employee bonuses in the form of stock, the closing price at the reporting date is used as the basis of computation of the number of shares to be issued. When computing diluted earnings per share prior to the following Board of Directors, the effect of dilution from these potential shares is taken into consideration.

(u) Operating segments

An operating segment is a component of the Group 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 Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to formulate a policy of resources allocation for the segment as well as assess its performance. Each operating segment consists of standalone financial information.

<5> Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make 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 will continually review the estimates and basic assumptions. Changes in accounting estimates will be recognized in the period of change and the future period of their impact.

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Inventory measurement

Since inventory is measured by the lower of cost and net realizable value, the Group evaluated the inventory based on the selling price of the product line and price fluctuation of raw material, and written down the book value to net realizable value. Please refer to note 6(f) for inventory measurement.

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<6> Description of Significant Accounts

(a) Cash and cash equivalents

		December 31, 2019	December 31, 2018
Cash on hand	$	415	433
Checking and savings deposits		973,695	1,593,472
Time deposits		3,571,170	2,933,847
Commercial paper with reverse repurchase agreements		150,000	-
Cash and cash equivalents per statements of cash flow	$	4,695,280	4,527,752

The disclosure of interest rate risk and sensitivity analysis for the Group's financial assets and liabilities is referred to note 6(z).

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward contracts/Swap contracts	$ 14	679

	December 31, 2019	December 31, 2018
Financial liabilities held for trading:		
Derivative instruments not used for hedging		
Forward contracts/Swap contracts	$ 5,672	2,066

The Group uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. The Group reported the following derivatives financial instruments as financial assets and liabilities at fair value through profit or loss without the application of hedge accounting:

Forward contracts / Swap contracts:	December 31, 2019		
	Contract amount (thousand)	Currency	Maturity dates
Forward contracts	$ 230	EUR/TWD	2020.01.20
Swap contracts	6,700	USD/TWD	2020.01.20
Swap contracts	13,600	USD/EUR	2020.01.08

	December 31, 2018		
	Contract amount (thousand)	Currency	Expired date
Swap contracts	$ 14,960	USD/EUR	2019.01.04~2019.01.29

(c) Financial assets at fair value through other comprehensive income - non-current

	December 31, 2019	December 31, 2018
Equity investments at fair value through other comprehensive income:		
Listed stocks (domestic)	$ 115,200	305,631
Unlisted stocks (domestic and overseas)	1,022,688	994,175
Total	$ 1,137,888	1,299,806

(i) Equity investments at fair value through other comprehensive income
The Group held equity instrument investment for long-term strategic purposes, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income.
Due to the financial asset activation, the Group sold the share of Taiwan High-speed Railway Co., Ltd at the fair value in 2019, the fair value at that time of disposition was $267,383 thousand and accumulated disposition benefit was $197,373 thousand; cumulative disposition benefits have been transferred from other equity to retained earnings.
(ii) For dividend income, please refer to note 6(x).
(iii) For market risk, please refer to note 6(aa).
(iv) The Group did not hold any collateral for the collectible amounts.
(v) The significant financial assets at fair value through other comprehensive income denominated in foreign currency were as follows:

	Foreign currency amount	Exchange rate	TWD
December 31, 2019			
THB	$ 349,209	1.0098	352,631
December 31, 2018			
THB	367,531	0.9532	350,331

(d) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	$ 866,347	558,944
Accounts receivable	2,768,552	2,884,202
Less: allowance for impairment	8,935	10,309
	$ 3,625,964	3,432,837

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

	December 31, 2019		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 3,560,459	0.13%~0.35%	5,078
1 to 30 days past due	56,937	1.03%~10.25%	1,778
31 to 90 days past due	17,503	10.98%~21.95%	2,079
	$ 3,634,899		8,935

	December 31, 2018		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 3,364,574	0.04%~0.33%	3,417
1 to 30 days past due	60,182	0.45%~16.31%	1,996
31 to 90 days past due	17,659	5.98%~65.24%	4,165
More than 90 days past	731	100%	731
	$ 3,443,146		10,309

The movement in the allowance for accounts receivable was as follows:

	2019	2018
Balance on January 1, 2019 and 2018	$ 10,309	279
Impairment losses recognized (reversed)	(1,193)	10,214
Amounts written off	-	(279)
Foreign exchange gain (loss)	(181)	95
Balance on December 31, 2019 and 2018	$ 8,935	10,309

The Group did not hold any collateral for the collectible amounts. For other credit risk information, please refers to note 6(z).

The carrying amounts of notes and accounts receivable with short maturity are not discounted under the assumption that the carrying amount approximates the fair value.

(e) Other receivables (including related parties)

	December 31, 2019	December 31, 2018
Other receivables - related parties	$ 42,490	42,427
Other	93,861	48,968
	$ 136,351	91,395

As of December 31, 2019 and 2018, the Group had no other receivables that were past due. Therefore, no provisions for doubtful debt were required after the management' s assessment. For other credit risk information, please refers to note 6(z).

(f) Inventories

The components of the Group's inventories were as follows:

		December 31, 2019	December 31, 2018
Raw materials	$	2,188,339	1,713,308
Supplies		108,038	102,599
Work in progress		315,411	370,562
Finished goods		3,199,202	3,576,007
Merchandise		603,689	686,887
Total	$	6,414,679	6,449,363

As of December 31, 2019 and 2018, the Group did not pledge any collateral on inventories.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

		2019	2018
Loss on (reversal of) decline in market value of inventory	$	(16,715)	35,089
Income from sale of scrap		(33,354)	(58,932)
Loss on physical count		5,144	446
Unallocated production overhead		108,156	62,666
Total	$	63,231	39,269

During the year ended December 31, 2019, the sales and consumption led to the reversal of write-downs of inventories.

(g) Investments accounted for under equity method

The details of the investments accounted for under the equity method at the reporting date were as follows:

		December 31, 2019	December 31, 2018
Associates	$	635,619	628,467
Joint ventures		462,972	438,911
	$	1,098,591	1,067,378

(i) Associates

For the years ended December 31, 2019 and 2018, the Group recognized its share of gain from the associates of $102,248 thousand and $104,521 thousand, respectively.

The details of the significant associates are as follows:

Name of associates	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right: December 31 2019	Proportion of equity and voting right: December 31, 2018
Indian Synthetic Rubber Private Limited	Strategic alliance of production and sales of synthetic rubber products	India	50.00% (Note 1)	50.00% (Note 1)
ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.	Strategic alliance of production and sales of NBR	China	50.00%	50.00%

Note1: Indian Synthetic Rubber Private Limited has been reclassified from associate to joint venture from April 2018.

A summary of the financial information of the significant associate were as follows:

1) Summary of financial information of Indian Synthetic Rubber Private Limited

On April 10, 2018, the Group acquired 15.96% ownership of Indian Synthetic Rubber Private Limited from other shareholders, and the Group recognized the gain from bargain purchase amounting to $11,820 thousand. After the acquisition transaction, the Group owns 50% of Indian Synthetic Rubber Private Limited, which has been reclassified from associate to joint venture, but still listed as investments accounted for under equity method.

	For the three months ended March 31, 2018
Revenue	$ 1,324,113
Net income of continued operations	36,141
Other comprehensive income (loss)	-
Total comprehensive income (loss)	$ 36,141
Total comprehensive income attributable to the Group	$ 12,303

	2018
Beginning equity of the associate attributable to the Group	$ 205,093
Current total comprehensive income of the associate attributable to the Group	12,303
Other	(4,109)
Associate reclassified to joint venture	(213,287)
Ending balance of the equity of the associate attributable to the Group	$ -

2) Summary of financial information of ARLANXEO TSRC (Nantong)

	December 31, 2019	December 31, 2018
Current assets	$ 474,992	716,347
Non-current assets	749,274	822,219
Current liabilities	(738,296)	(1,094,043)
Non-current liabilities	(31,907)	(13,709)
Equity	$ 454,063	430,814
Equity attributable to the Group	$ 227,031	215,407

	2019	2018
Revenue	$ 1,860,022	2,062,759
Net income of continued operations	39,130	79,204
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	$ 39,130	79,204
Total comprehensive income attributable to the Group	$ 19,565	39,602

	2019	2018
Beginning equity of the associate attributable to the Group	$ 219,835	181,347
Current total comprehensive income (loss) of the associate attributable to the Group	19,565	39,602
Other	(8,289)	(1,114)
Ending balance of the equity of the associate attributable to the Group	$ 231,111	219,835

3) Summary of respectively not significant associates recognized under equity method were as follows:

	December 31, 2019	December 31, 2018
Balance of not significant associate' s equity	$ 404,508	408,632

	2019	2018
Attributable to the Group:		
Income from continued operations	$ 82,683	52,616
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	$ 82,683	52,616

(ii) Joint ventures

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1) Summary of financial information of Indian Synthetic Rubber Private Limited

	December 31, 2019	December 31, 2018
Current assets	$ 1,515,686	2,663,769
Non-current assets	3,445,188	3,484,344
Current liabilities	(1,986,515)	(2,424,997)
Non-current liabilities	(2,079,302)	(2,910,295)
Equity	$ 895,057	812,821
Equity attributable to the Group	$ 447,528	406,411

	2019	For the nine months ended December 31, 2018
Revenue	$ 4,509,180	4,126,045
Net income of continued operations	$ 148,699	413,944
Other comprehensive income (loss)	(29,776)	(157,496)
Total comprehensive income (loss)	$ 118,923	256,448
Total comprehensive income attributable to the Group	$ 59,462	109,926

	2019	For the nine months ended December 31, 2018
Beginning equity of the joint venture attributable to the Group	$ 363,141	-
Joint venture reclassified from associate	-	213,287
Current total comprehensive income (loss) of the joint venture attributable to the Group	59,462	109,926
Other	(26,064)	39,928
Ending balance of the equity of the joint venture attributable to the Group	$ 396,539	363,141

2) Summary of respectively not significant joint ventures recognized under the equity method were as follows:

	December 31, 2019	December 31, 2018
Attributable to the Group:		
Income from continued operations	$ 7,528	4,525
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	$ 7,528	4,525

The liquidation of Taiwan Advance Material Corp. in December 2018 was approved by its Board of Directors and the Ministry of Economic Affairs in October 2017, wherein the remaining amount of $245,391 thousand had been received by the Group.

(iii) Collateral

As of December 31, 2019 and 2018, the Group did not pledge any collateral on investments accounted for under the equity method.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

		Land	Land improvements	Buildings
Cost:				
Balance at January 1, 2019	$	614,101	106,999	3,998,164
Additions		-	-	-
Disposals		-	-	(476)
Reclassification		-	37,174	148,780
Effect of changes in exchange rates		-	(474)	(95,446)
Balance at December 31, 2019	$	614,101	143,699	4,051,022
Balance at January 1, 2018	$	614,101	106,131	4,048,091
Additions		-	-	-
Disposals		-	-	(1,035)
Reclassification		-	199	11,310
Effect of changes in exchange rates		-	669	(60,202)
Balance at December 31, 2018	$	614,101	106,999	3,998,164
Depreciation and impairment loss:				
Balance at January 1, 2019	$	-	88,237	2,236,682
Depreciation		-	2,525	129,079
Disposal		-	-	(241)
Effect of changes in exchange rates		-	(469)	(50,900)
Balance at December 31, 2019	$	-	90,293	2,314,620
Balance at January 1, 2018	$	-	85,133	2,134,269
Depreciation		-	2,446	131,216
Disposal		-	-	(1,035)
Effect of changes in exchange rates		-	658	(27,768)
Balance at December 31, 2018	$	-	88,237	2,236,682
Carrying value:				
December 31, 2019	$	614,101	53,406	1,736,402
January 1, 2018	$	614,101	20,998	1,913,822
December 31, 2018	$	614,101	18,762	1,761,482

The Group performed the asset impairment test by estimating the future cash flows. Impairment loss was recognized thereon as the estimated amount of future cash flows was less than the carrying value.

Please refer to note 8 for the pledge and collateral information of the property, plant and equipment.

PMachinery	Furniture and fixtures and other equipment	Leased assets	Construction in progress	Total
20,282,127	228,273	94,596	1,210,859	26,535,119
18,710	237	-	2,436,899	2,455,846
(174,326)	(7,985)	-	-	(182,787)
548,816	28,392	(94,596)	(770,629)	(102,063)
(342,516)	(3,928)	-	(32,158)	(474,522)
20,332,811	244,989	-	2,844,971	28,231,593
19,944,375	217,074	94,596	566,082	25,590,450
4,791	254	-	1,209,361	1,214,406
(114,721)	(1,889)	-	-	(117,645)
512,270	13,227	-	(560,479)	(23,473)
(64,588)	(393)	-	(4,105)	(128,619)
20,282,127	228,273	94,596	1,210,859	26,535,119
15,270,710	170,641	-	-	17,766,270
727,445	14,688	-	-	873,737
(139,256)	(7,166)	-	-	(146,663)
(244,558)	(3,219)	-	-	(299,146)
15,614,341	174,944	-	-	18,194,198
14,652,082	160,257	-	-	17,031,741
714,097	12,090	-	-	859,849
(90,361)	(1,698)	-	-	(93,094)
(5,108)	(8)	-	-	(32,226)
15,270,710	170,641	-	-	17,766,270
4,718,470	70,045	-	2,844,971	10,037,395
5,292,293	56,817	94,596	566,082	8,558,709
5,011,417	57,632	94,596	1,210,859	8,768,849

(i) Right-of-use assets

The Group leases its assets including its land, buildings, machinery and transportation equipment. Information about leases, for which the Group is the lessee, is presented below:

	Land	Building	Machinery	Trans-portation equipment	Total
Cost:					
Balance at January 1, 2019	$ -	-		-	-
Effects of retrospective application	681,888	396,904	565,489	29,829	1,674,110
Balance at January 1, 2019	681,888	396,904	565,489	29,829	1,674,110
Additions	181	3,304	-	5,024	8,509
Lease modification	-	-	(491)	-	(491)
Amortization to operating costs and inventories	-	(8,163)	(76,529)	-	(84,692)
Effect of changes in foreign exchange rates	(18,361)	(8,120)	(16,626)	(637)	(43,744)
Balance at December 31, 2019	$ 663,708	383,925	471,843	34,216	1,553,692
Accumulated depreciation and impairment losses:					
Balance at January 1, 2019	$ -	-	-	-	-
Effects of retrospective application	120,302	-	-	-	120,302
Balance at January 1, 2019	120,302	-	-	-	120,302
Depreciation	14,397	69,862	14,946	9,291	108,496
Effect of changes in exchange rates	(4,509)	(1,546)	(395)	(227)	(6,677)
Balance at December 31, 2019	$ 130,190	68,316	14,551	9,064	222,121
Carrying value:					
December 31, 2019	$ 533,518	315,609	457,292	25,152	1,331,571

The Group leases land under a finance lease, which is classified as property, plant and equipment; the land lease prepayment is recorded as the other non current assets, the related information is provided in notes 6(h) and 6(l) to the consolidated financial statements for the year ended December 31, 2018. The Group leases offices and factory facilities under an operating lease, please refer to note 6(p).

(j) Investment property

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

		Land	Buildings	Total
Cost:				
Balance as at January 1, 2019	$	1,073,579	741,889	1,815,468
Additions		-	-	-
Balance as at December 31, 2019	$	1,073,579	741,889	1,815,468
Balance as at January 1, 2018	$	1,073,579	741,889	1,815,468
Additions		-	-	-
Balance as at December 31, 2018	$	1,073,579	741,889	1,815,468
Depreciation:				
Balance as at January 1, 2019	$	-	219,144	219,144
Depreciation		-	14,725	14,725
Balance as at December 31, 2019	$	-	233,869	233,869
Balance as at January 1, 2018	$	-	204,418	204,418
Depreciation		-	14,726	14,726
Balance as at December 31, 2018	$	-	219,144	219,144

	Land	Buildings	Total
Carrying value:			
Balance as at December 31, 2019	$ 1,073,579	508,020	1,581,599
Balance as at December 31, 2018	$ 1,073,579	522,745	1,596,324
Balance as at January 1, 2018	$ 1,073,579	537,471	1,611,050
Fair value:			
Balance as at December 31, 2019			$ 3,334,675
Balance as at December 31, 2018			$ 3,334,675
Balance as at January 1, 2018			$ 3,334,675

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1~5 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(w) for further information.

The fair value of investment property (as disclosed in the financial statements) is based on a valuation by an independent appraiser. The range of yields applied to the net annual rentals to determine the fair value of the property were as follows:

Region	2019	2018
Da'an Dist., Taipei City	2.10%	2.10%

The Group has rented out a parcel of vacant land, but has decided not to treat this property as investment property because it is out not the Group's intention to hold it for capital appreciation or rental income. Accordingly, the property is still recorded under property, plant and equipment.

As of December 31, 2019 and 2018, the Group did not pledge any collateral on investment properties.

(k) Intangible assets

The cost and amortization of the intangible assets of the Group were as follows:

		Industrial technology and know how	Computer software	Goodwill
Costs:				
Balance at January 1, 2019	$	1,021,038	244,543	211,100
Disposals		-	(688)	-
Reclassification		-	5,529	-
Effect of changes in exchange rates		(26,003)	(2,552)	(4,307)
Balance at December 31, 2019	$	995,035	246,832	206,793
Balance at January 1, 2018	$	1,003,145	236,986	205,021
Reclassification		-	9,260	-
Effect of changes in exchange rates		17,893	(1,703)	6,079
Balance at December 31, 2018	$	1,021,038	244,543	211,100
Amortization:				
Balance at January 1, 2019	$	458,237	219,742	-
Disposals		-	(688)	-
Amortization		50,065	18,197	-
Effect of changes in exchange rates		(16,531)	(2,506)	-
Balance at December 31, 2019	$	491,771	234,745	-
Balance at January 1, 2018	$	406,994	201,328	-
Amortization		48,724	20,126	-
Effect of changes in exchange rates		2,519	(1,712)	-
Balance at December 31, 2018	$	458,237	219,742	-
Carrying value:				
December 31, 2019	$	503,264	12,087	206,793
December 31, 2018	$	562,801	24,801	211,100
January 1, 2018	$	596,151	35,658	205,021

(i) In 2019 and 2018, the amortization of intangible assets were as follows:

		2019	2018
Operating costs	$	6,081	6,422
Operating expenses		148,129	146,218
	$	154,210	152,640

(ii) Impairment Loss

In accordance with IAS 36 "impairment of assets," the Group assesses the impairment loss of intangible assets, goodwill and trademark, at the end of each reporting period. The recoverable amount of the cash generating unit is the expected discount present value of future cash inflows. As of December 31, 2019 and 2018, based on the result of the assessment of the Group, the recoverable amount of the cash-generating unit was higher than the carrying value. Therefore, there was no impairment loss.

1) operating results, and the financial budget.
2) Forecast of operating revenue, operating cost, and operating expenses are based on the future operational plan, with consideration on the changes and competition in the market industry.
3) For the years 2019 and 2018, the discount rates for the present value of recoverable amounts were 9% and 8%, respectively.

(iii) The Group did not pledge any collateral on intangible assets.

Patent and trademark	Customer relationship	Non-compete agreement	Total
604,885	1,103,315	9,220	3,194,101
-	-	-	(688)
-	-	-	5,529
(12,342)	(22,510)	(188)	(67,902)
592,543	1,080,805	9,032	3,131,040
587,467	1,071,543	8,954	3,113,116
-	-	-	9,260
17,418	31,772	266	71,725
604,885	1,103,315	9,220	3,194,101
180,282	475,019	9,220	1,342,500
-	-	-	(688)
24,274	61,674	-	154,210
(4,321)	(11,321)	(188)	(34,867)
200,235	525,372	9,032	1,461,155
151,661	401,829	8,954	1,170,766
23,664	60,126	-	152,640
4,957	13,064	266	19,094
180,282	475,019	9,220	1,342,500
392,308	555,433	-	1,669,885
424,603	628,296	-	1,851,601
435,806	669,714	-	1,942,350

(l) Prepaid rent

	Land lease prepayment
Cost:	
January 1, 2018	$ 490,235
Reclassification	75,153
Effects of changes in exchange rates	(11,199)
December 31, 2018	$ 554,189
Amortization:	
January 1, 2018	$ 113,288
Amortization	9,768
Effects of changes in exchange rates	(2,754)
December 31, 2018	$ 120,302
Carrying value:	
December 31, 2018	$ 433,887
January 1, 2018	$ 376,947
December 31, 2018	
Current	$ 11,454
Non-current	422,433
	$ 433,887

As of December 31, 2018, the Group's prepaid rent was not provided as pledged assets for long-term borrowings and credit lines. As of December 31, 2019, for the finance prepaid rent information, please refer to note 6(i).

(m) Short-term and long-term borrowings

The details of the Group's short-term and long-term borrowings were as follows:

(i) Short-term borrowings

	December 31, 2019		
	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	0.40~5.22	2020	$ 4,729,148

	December 31, 2018		
	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	0.55~5.66	2019	$ 4,147,772

The abovementioned short-term borrowings were to mature within one year.

As of December 31, 2019 and 2018, the unused credit facilities (including credit lines for short-term commercial paper payable) amounted to $16,600,631 thousand and $15,664,492 thousand, respectively.

(ii) Long-term borrowings

1) Long-term bank borrowings

	December 31, 2019				
	Currency	Range of interest rates (%)	Year of maturity		Amount
Secured loans	USD	3.26~4.38	2020~2023	$	991,113
Unsecured loans	NTD	1.12~1.45	2020~2023		3,450,000
Unsecured loans	CNY	5.08	2020~2022		518,827
Total				$	4,959,940
Current				$	287,235
Non current					4,672,705
Total				$	4,959,940

	December 31, 2018				
	Currency	Range of interest rates (%)	Year of maturity		Amount
Secured loans	USD	4.25~4.38	109~112	$	768,325
Unsecured loans	NTD	1.05~1.44	108~112		3,800,000
Total				$	4,568,325
Current				$	850,000
Non-current					3,718,325
Total				$	4,568,325

2) Long-term commercial paper payable (recorded as other long-term borrowings)

	December 31, 2019			
	Guarantee or acceptance institution	Range of interest rates (%)		Amount
Commercial paper payable	CTBC Bank	1.327	$	350,000
Less: discount				713
Total			$	349,287

	December 31, 2018			
	Guarantee or acceptance institution	Range of interest rates (%)		Amount
Commercial paper payable	CTBC Bank	1.2457	$	500,000
Less: discount				307
Total			$	499,693

The Group disclosed the related risk exposure to the financial instruments in note 6(z).

(iii) Collateral of loans

The Group pledged certain assets for the loans. Please refer to note 8 for additional information.

(iv) Finance lease liabilities

The Group has entered into a lease contract for leasing a parcel of land from the Industrial Development Bureau of the Ministry of Economic Affairs for the period from June 29, 2004, to June 28, 2024. During the term of the lease, the Group has an option to purchase the rented land from the Industrial Development Bureau of the Ministry of Economic Affairs through a formal application. Once the application is approved, the rental and deposit paid during the lease period can be offset against the purchase price. The Group intends to purchase the rented land after the contract expires. The Group intends to purchase the lease land after the expiry of the lease contract period, so it adopts the finance lease. The Group intends to purchase the lease land in 2020, for more information please refer to note 11. As of December 31, 2019, for the relevant lease liabilities information, please refer to note 6(o).

The finance lease liabilities payable were as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
December 31, 2018			
Less than one year	$ 7,064	77	6,987
Between one and five years	28,256	1,054	27,202
More than five years	3,532	1,883	1,649
	$ 38,852	3,014	35,838

(n) Current provisions (recorded as other payable)

	Provision for defective products
Balance at January 1, 2019	$ 27,128
Increase in provisions	25,936
Provisions recognized	(2,211)
Reversal of unused provisions	(32,434)
Effect of changes in exchange rates	(402)
Balance at December 31, 2019	$ 18,017
Balance at January 1, 2018	$ 28,324
Increase in provisions	33,103
Provisions recognized	(1,466)
Reversal of unused provisions	(32,563)
Effect of changes in exchange rates	(270)
Balance at December 31, 2018	$ 27,128

(o) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2019
Current	$ 175,942
Non-current	$ 685,689

For the maturity analysis, please refer to note 6(z).

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	$ 10,400
Expenses relating to short-term leases	$ 3,012
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 24,763

The amounts recognized in the statement of cash flows for the Group was as follows:

	2019
Total cash outflow for leases	$ 233,346

(p) Operating leases

(i) Lessee

Non-cancellable rental payables of operating leases were as follows:

	December 31, 2018
Less than five years	$ 247,585
More than five years	126,856
	$ 374,441

The Company leases offices and factory facilities under operating leases. The leases typically run for a period of

1 to 20 years, with an option to renew the lease upon expiry. The lease payment will be adjusted to reflect market price when renewing the contract.

For the year ended December 31, 2018, lease expenses was $103,860 thousand.

(ii) Lessor

The Company leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets; please refer to note 6(j).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2019
Less than one year	$ 55,154
One to two years	53,406
Two to three years	52,805
Three to four years	48,362
Four to five years	35,293
More than five years	9,953
Total undiscounted lease payments	$ 254,973

The future minimum lease payments under non-cancellable leases are as follows:

	December 31, 2018
More than five years	$ 68,626

(q) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	December 31, 2019	December 31, 2018
The present value of the defined benefit obligations	$ 615,154	607,256
Fair value of plan assets	(504,256)	(467,801)
The net defined benefit liability	$ 110,898	139,455

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. Minimum annual distributions of the funds by the Bureau shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $504,256 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit plan obligation

The movements in present value of the Group's defined benefit plan obligation for the years ended December 31, 2019 and 2018, were as follows:

		2019	2018
Defined benefit obligation as of 1 January	$	607,256	598,028
Current service costs and interest		12,664	14,742
Remeasurements of net defined benefit liability (asset)			
- Return on plan assets (excluding current interest expense)		16,393	21,429
- Due to changes in financial assumption of actuarial (losses) gains		20,478	12,848
Benefits paid by the plan		(41,637)	(39,791)
Defined benefit obligation as of 31 December	$	615,154	607,256

3) Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2019 and 2018, were as follows:

		2019	2018
Fair value of plan assets as of January 1	$	467,801	423,675
		5,111	5,668
Remeasurements of net defined benefit liability (asset)			
- Return on plan assets (excluding current interest expense)		16,393	12,423
Contributions made		56,588	65,827
Benefits paid by the plan		(41,637)	(39,791)
Fair value of plan assets as of December 31	$	504,256	467,802

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2019 and 2018, were as follows:

		2019	2018
Current service cost	$	6,009	6,710
Net interest on the defined benefit liability (asset)		1,544	2,365
	$	7,553	9,075

The Group recognized pension costs of the defined benefit plans in profit or loss as follows:

		2019	2018
Operating costs	$	4,573	5,555
Operating expenses		2,383	3,089
Other income and expenses		367	222
Other		230	209
	$	7,553	9,075

5) Remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2019 and 2018 were as follows:

		2019	2018
Balance of January 1	$	(200,311)	(178,457)
Recognized during the period		(20,478)	(21,854)
Balance of December 31	$	(220,789)	(200,311)

6) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	December 31, 2019	December 31, 2018
Discount rate	1.000%	1.125%
Future salary increases rate	1.500%	1.500%

The Group expects to make contributions of $61,731 thousand to the defined benefit plans in the next year starting from the reporting date of 2019.

The weighted average duration of the defined benefit plan is 10.65 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Group uses judgments and estimations to determine the related actuarial assumptions, including discount rate, employee turnover rates and future salary changes, as of the balance sheet date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2019 and 2018, the effects of the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

	The impact of defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2019		
Discount rate	$ (12,334)	12,751
Future salary increase rate	12,266	(11,932)
December 31, 2018		
Discount rate	(12,848)	13,291
Future salary increase rate	12,819	(12,450)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

The method and assumptions used on current sensitivity analysis is the same as those of the prior year.

(ii) Defined contribution plans

The Group has made monthly contributions equal to 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution plan were $108,450 thousand and $101,634 thousand for the years 2019 and 2018, respectively. Payments were made to the Bureau of Labor Insurance and to local government for the overseas subsidiaries.

(iii) Short-term employee benefit liabilities

	December 31, 2019	December 31, 2018
Compensated absence liabilities	$ 44,926	39,821

(r) Income tax

(i) Income tax expenses

The amount of the Group's income tax for the years ended December 31, 2019 and 2018, were as follows:

	2019	2018
Current income tax expense		
Current period	$ 254,069	310,548
Adjustment for prior periods	(230)	7,924
	253,839	318,472
Deferred tax expense		
Origination and reversal of temporary differences	183,679	78,301
Income tax expenses of continued operations	$ 437,518	396,773

Reconciliations of the Group's income tax expense (benefit) and the profit before tax for 2019 and 2018 were as follows:

	2019	2018
Income before tax	$ 1,254,638	1,630,443
Income tax calculated on pretax accounting income at statutory rate	$ 250,928	326,087
Effect of tax rates in foreign jurisdiction	39,149	42,714
Dividend income	(11,625)	(10,885)
Adjustment for prior periods	(230)	7,924
Domestic investment loss	-	(94,488)
Foreign investment income	125,766	(20,264)
R&D tax credits utilized	(9,000)	(7,900)
Surtax on unappropriated earnings	7,105	-
Withholding tax of revenue from overseas	33,630	35,076
Adjustment of tax rates	-	51,772
Current-year losses for which no deferred income tax asset was recognized	-	80,800
Change in unrecognized temporary differences	1,883	7,117
Income basic tax	7,147	-
Others	(7,235)	(21,180)
Total	$ 437,518	396,773

(ii) Recognized deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2019	December 31, 2018
Tax effect of deductible Temporary Differences	$ 9,000	7,117
The carryforward of unused tax losses	60,276	80,800
	$ 69,276	87,917

Under the income tax rate, tax losses can be carried forward for ten years to offset taxable income after permitted by domestic tax authority. Deferred income tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available, against which, the Group can utilize the benefits therefrom.

As of December 31, 2019, the amount of tax losses not yet recognized as deferred tax assets and their credit for the previous year is as follows:

Year	Amount	Year of expiration
2016	$ 45,823	2026
2018	255,559	2028
	$ 301,382	

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2019 and 2018 were as follows:

Deferred tax assets:

	Defined benefit plans	Allowance for inventory valuation	Loss carry-forward	Others	Total
Balance at January 1, 2019	$ 23,520	53,214	57,394	110,191	244,319
Recognized in profit or loss	(9,789)	(2,462)	(3,872)	(7,757)	(23,880)
Balance at December 31, 2019	$ 13,731	50,752	53,522	102,434	220,439
Balance at January 1, 2018	$ 30,053	46,542	66,262	149,641	292,498
Recognized in profit or loss	(6,533)	6,672	(8,868)	(39,450)	(48,179)
Balance at December 31, 2018	$ 23,520	53,214	57,394	110,191	244,319

Deferred tax liabilities:

	Foreign investment income accounted for under equity method	Depreciation difference between financial and tax reporting	Land value increment tax	Others	Total
Balance at January 1, 2019	$ 427,475	95,256	56,683	116,268	695,682
Recognized in profit or loss	159,213	(25,848)	-	26,434	159,799
Balance at December 31, 2019	$ 586,688	69,408	56,683	142,702	855,481
Balance at January 1, 2018	$ 324,654	93,866	56,683	190,357	665,560
Recognized in profit or loss	102,821	1,390	-	(74,089)	30,122
Balance at December 31, 2018	$ 427,475	95,256	56,683	116,268	695,682

(iii) Examination and approval

The tax returns of the Company have been examined by the tax authorities through 2016.

(s) Capital and other equity

(i) Capital

In accordance with the Company' s articles of incorporation amended on June 21, 2018, the capital share of the company amounted to $12,000,000 thousand, divided into 1,200,000,000 shares, at NT$10 per share.

In accordance with the original Company' s articles of incorporation, the capital share of the company amounted to $9,000,000 thousand, divided into 900,000,000 shares, at NT$10 per share.

As of December 31, 2019 and 2018, 825,709,978 shares of ordinary were issued.

(ii) Additional paid-in capital

The components of additional paid-in capital as of December 31, 2019 and 2018, were as follows:

	December 31, 2019	December 31, 2018
Share premium	$ 849	849
Overaging unclaimed dividends	46,291	44,309
	$ 47,140	45,158

In accordance with the ROC Company Act, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

1) Legal reserve

The ROC Company Act stipulates that companies must retain 10% of their annual net earnings, as defined in the Act, until such retention equals the amount of issued share capital. When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash. Only the portion of legal reserve which exceeds 25% of the issued share capital may be distributed. In accordance with Rule No. 10802432410 issued by Ministry of Economic Affairs, R.O.C on January 9, 2020, the Company has to apply the profit distribution based on its financial statements in 2019, wherein the Company shall use the amount of net profit after tax, plus, those net amounts other than the net profits, which are recognized as undistributed surplus earnings, as the basis for the legal reserve.

2) Special earnings reserve

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs endorsed by the FSC, unrealized revaluation gains recognized under shareholders' equity and cumulative translation adjustments (gains) were reclassified to retained earnings at the adoption date. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special earnings reserve during earnings distribution. However, when adjusted retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC are insufficient for the appropriation of a special earnings reserve at the transition date, the Company may appropriate a special earnings reserve up to the amount of increase in retained earnings. Upon the use, disposal, or reclassification of related assets, the Company may reverse the special earnings reserve proportionately. As a result of elections made according to IFRS 1, the Company has reclassified $(103,035) thousand to retained earnings and is not required to appropriate a special earnings reserve.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of retained earnings

In accordance with the Company' s articles of incorporation amended on June 21, 2018, the profit of annual account, if any, shall deduct the tax and make up the loss carried from previous years, then appropriate 10% as legal reserve fund. The rest shall be distributed or reserved as special reserve pursuant to the Securities and Exchange Act. The distributable earnings shall be the balance after considering the above facts and accounting requirement by the relevant law, if any, plus the unappropriated earnings from the previous period; with regard to distribution of surplus, it is proposed to distribute the available surplus.

With regard to the distribution of the dividends of the above-mentioned shareholders, their cash dividend must not be less than 20% of the total amount distributed.

In accordance with the original Company's articles of incorporation, the Company must retain 10% of its after-tax earnings as legal reserve (less deficits of prior years, if any) and then provide a special reserve. No less than 50% of distributable earnings shall be appropriated to shareholders.

If the dividends and bonuses mentioned above were to be distributed, distribution of cash dividends should not be less than 20% of total dividends, and the distribution of stock dividends should not be more than 80% of total dividends. If the dividends per share are less than $0.5 (dollars), part or all of the remaining earnings can be retained.

The appropriations of 2018 and 2017 earnings as dividends to stockholders that were approved by the Company's shareholders during their meetings on June 6, 2019, and June 21, 2018, respectively, were as follows:

	2018		2017	
	Amount per share (NT dollars)	Total amount	Amount per share (NT dollars)	Total amount
Dividends distributed to common shareholders:				
Cash	$ 0.98	809,195	0.96	792,682

On March 17, 2020, the Company's Board of Directors resolved to appropriate the 2019 earnings. These earnings were appropriated as follows:

	2019	
	Amount per share (NT dollars)	Total amount
Dividends distributed to common shareholders:		
Cash	$ 0.50	412,855

(iv) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2019	$ 465,589	801,805	(68,134)	1,199,260
Foreign exchange differences arising from foreign operations	(428,553)	-	-	(428,553)
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	(13,653)	-	-	(13,653)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	106,662	-	106,662
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(197,373)	-	(197,373)
Share of other comprehensive income of associates and joint ventures accounted for under equity method, losses on effective portion of cash flow hedges	-	-	(12,392)	(12,392)
Balance as of December 31, 2019	$ 23,383	711,094	(80,526)	653,951
Balance as of January 1, 2018	$ 512,008	593,961	11,721	1,117,690
Foreign exchange differences arising from foreign operations	24,421	-	-	24,421
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	(70,840)	-	-	(70,840)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	207,844	-	207,844
Share of other comprehensive income of associates and joint ventures accounted for under equity method, losses on effective portion of cash flow hedges	-	-	(79,855)	(79,855)
Balance as of December 31, 2018	$ 465,589	801,805	(68,134)	1,199,260

(t) Earnings per share

(i) The calculation of the Company's basic earnings per share and diluted earnings per share were as follows:

Basic earnings per share

	2019	2018
Net income attributable to common shareholders of the Company	$ 740,316	1,192,186
Weighted average number of common shares	825,710	825,710
Basic earnings per share (in NT dollars)	$ 0.90	1.44

(ii) Diluted earnings per share

	2019	2018
Net income attributable to common shareholders of the Company (diluted)	$ 740,316	1,192,186
Weighted-average number of common shares (basic)	825,710	825,710
Impact of potential common shares		
Effect of employees' bonuses	2,686	2,683
Weighted-average number of shares outstanding (diluted)	828,396	828,393
Diluted earnings per share (in NT dollars)	$ 0.89	1.44

(u) Employees' compensation and directors' remuneration

In accordance with the Company's articles of incorporation, if there is profit for the year, the Company should contribute more than 1% of its profit as employees' compensation, and less than 1% as directors' remuneration. The related regulations on distribution of employees' compensation and directors' remuneration were approved by the board of directors.

For the years ended December 31, 2019 and 2018, the estimated amounts of employees' bonuses were $53,614 thousand and $64,290 thousand, respectively, and the estimated amounts of directors' remuneration were $9,813 thousand and $14,064 thousand, respectively. The estimated amounts mentioned above were according to the Company's articles of incorporation, and were recorded as operating cost or operating expenses in the respective periods. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2019 and 2018.

(v) Revenue from contracts with customers

	2019		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	$ 18,949,295	1,788,382	20,737,677
America	4,163,464	14,040	4,177,504
Europe	3,111,948	-	3,111,948
Others	883,594	-	883,594
	$ 27,108,301	1,802,422	28,910,723
Major product lines:			
Synthetic rubber / elastomers	$ 26,047,706	-	26,047,706
Applied materials	-	1,800,833	1,800,833
Others	1,060,595	1,589	1,062,184
	$ 27,108,301	1,802,422	28,910,723

	2018		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	$ 19,476,346	1,675,761	21,152,107
America	4,444,409	15,632	4,460,041
Europe	3,314,608	-	3,314,608
Others	824,410	52	824,462
	$ 28,059,773	1,691,445	29,751,218
Major product lines:			
Synthetic rubber / elastomers	$ 27,112,256	-	27,112,256
Applied materials	-	1,689,317	1,689,317
Others	947,517	2,128	949,645
	$ 28,059,773	1,691,445	29,751,218

(w) Other income and expenses

		2019	2018
Rental income	$	36,046	80,276
Royalty income		103,930	131,530
Net service income		10,185	13,854
Depreciation of investment properties		(14,725)	(14,726)
Net other income		32,039	41,579
Other income and expenses	$	167,475	252,513

(x) Non-operating income and expenses

(i) Other gains

		2019	2018
Interest income	$	91,875	78,175
Dividend income		69,992	81,371
Gains from bargain purchase		-	11,820
Other gains	$	161,867	171,366

(ii) Other gains and losses

		2019	2018
Loss on disposal of property, plant and equipment, net	$	(35,325)	(23,824)
Foreign exchange gain, net		15,977	7,380
Gains (losses) on financial assets (liabilities) at fair value through profit or loss		29,546	23,685
Other income (loss)		2,136	21,736
Other gains and losses, net	$	12,334	28,977

(iii) Finance costs

		2019	2018
Interest expense	$	188,550	169,434

(y) Reclassification of components of other comprehensive income

The changes in components of other comprehensive income were as follows:

		2019	2018
Effective portion of cash flow hedges:			
Net gains (losses) for current year	$	(14,112)	(86,325)
Less: Adjustment of reclassification included in profit or loss		(1,720)	(6,470)
Net gains (losses) recognized in other comprehensive income	$	(12,392)	(79,855)

(z) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum credit risk exposure of the Group's financial assets is equal to their carrying amount. As of December 31, 2019 and 2018, the maximum credit risk exposure amounted to $9,619,808 thousand, and $9,416,810 thousand, respectively.

2) Concentration of credit risk

The Group's cash and cash equivalents and accounts receivable are the main source of potential credit risk. The Group deposits its cash and cash equivalents in different financial institutions and has no concentration of credit risk on an individual customer. Therefore, the Group concluded that it is not exposed to credit risk.

The Group guarantees bank loans for investees. The Group concluded that it is not exposed to credit risk for these transactions.

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

		Contractual cash flows
December 31, 2019		
Non-derivative financial liabilities		
Short-term debts	$	4,745,864
Accounts payable (including related parties)		2,451,764
Other payables		976,390
Long-term debts (including other long-term borrowings and current portion)		5,511,811
Lease liabilities		920,136
Deposits received		54,206
Provision for guarantee liabilities - non current		2,545,098
Derivative financial liabilities		
Other swap contracts/other forward contracts:		
Outflow		5,672
	$	17,210,941
December 31, 2018		
Non-derivative financial liabilities		
Short-term debts	$	4,173,699
Accounts payable (including related parties)		1,514,522
Other payables		997,500
Long-term debts (including current portion)		5,286,619
Deposits received		49,266
Provision for guarantee liabilities - non current		2,992,087
Derivative financial liabilities		
Other swap contracts/other forward contracts:		
Outflow		2,066
	$	15,015,759

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Risk exposure

The Grou p's financial assets and financial liabilities exposed to significant currency risk were as follows:

		Foreign currency	Exchange rate	NTD
December 31, 2019				
Financial assets:				
Monetary assets:				
USD	$	56,148	30.1060	1,690,392
EUR	$	13,368	33.7488	451,154
JPY	$	89,008	0.2771	24,664
CNY	$	19,094	4.3231	82,545

Within 6 months	6 12 months	1 2 years	2 5 years	Over 5 years
4,468,550	250,845	26,469	-	-
2,451,764	-	-	-	-
976,390	-	-	-	-
188,214	232,521	3,195,864	1,895,212	-
91,830	91,830	158,655	310,188	267,633
54,206	-	-	-	-
194,540	1,348,028	-	1,002,530	-
5,672	-	-	-	-
8,431,166	1,923,224	3,380,988	3,207,930	267,633
3,936,374	237,325	-	-	-
1,514,522	-	-	-	-
997,500	-	-	-	-
468,567	466,625	628,261	3,723,166	-
49,266	-	-	-	-
732,738	797,995	437,945	1,023,409	-
2,066	-	-	-	-
7,701,033	1,501,945	1,066,206	4,746,575	-

		Foreign currency	Exchange rate	NTD
Financial liabilities:				
Monetary liabilities:				
USD	$	55,402	30.1060	1,667,933
EUR	$	10,712	33.7488	361,517
JPY	$	66,081	0.2771	18,311
December 31, 2018				
Financial assets:				
Monetary assets:				
USD	$	56,469	30.7330	1,735,462
EUR	$	12,984	35.2047	457,098
JPY	$	77,582	0.2784	21,599
CNY	$	17,665	4.4742	79,037
Financial liabilities:				
Monetary liabilities:				
USD	$	57,225	30.7330	1,758,696
EUR	$	11,634	35.2047	409,571
JPY	$	24,691	0.2784	6,874

2) Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, loans and borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the USD, EUR, CNY and JPY had appreciated depreciated by 1% the Group's net income before tax would have increased/decreased by $2,010 thousand and $1,181 thousand for the years ended December 31, 2019 and 2018, respectively, with all other variable factors remaining constant. The analysis was performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2019 and 2018, foreign exchange gain (including realized and unrealized) amounting to $45,523 thousand and $31,065 thousand, respectively.

(iv) Interest rate risk analysis

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

The following sensitivity analysis is based on the risk exposure to interest rates of the non-derivative financial instruments at the reporting date. For floating-rate instruments, the sensitivity analysis assumes the floating-rate liabilities as of the reporting date are outstanding for the whole year.

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have increased / decreased by $100,384 thousand and $92,158 thousand for the years ended December 31, 2019 and 2018, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

(v) Fair value

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valuated approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the regulations.

	December 31, 2019				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets for hedging	$ 14	-	14	-	14
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	115,200	115,200	-	-	115,200
Unlisted stocks (domestic and overseas)	1,022,688	-	-	1,022,688	1,022,688
Subtotal	1,137,888	115,200	-	1,022,688	1,137,888
Total	$ 1,137,902	115,200	14	1,022,688	1,137,902
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for hedging	$ 5,672	-	5,672	-	5,672

	December 31, 2018				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets for hedging	$ 679	-	679	-	679
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	305,631	305,631	-	-	305,631
Unlisted stocks (domestic and overseas)	994,175	-	-	994,175	994,175
Subtotal	1,299,806	305,631	-	994,175	1,299,806
Total	$ 1,300,485	305,631	679	994,175	1,300,485
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for hedging	$ 2,066	-	2,066	-	2,066

2) Valuation techniques and assumptions used in fair value determination

If the financial instruments held by the Group have the quoted market price in active market, the fair value of the assets is based on the quoted market price. However, if the instruments have no quoted market price in active market, the Group uses market comparison approach to evaluate the fair value. The main assumption is based on the investee' s earnings after tax and the listed (over the counter) company' s earnings used in computing the market price. The estimated price has been discounted due to the price of the securities lacks the liquidity. The liquidity discount is a significant unobservable input in valuing equity investment. Forward exchange contracts are normally priced based on the exchange rates provided by the world agencies.

3) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2019	$ 994,175
Total gains recognized:	
In other comprehensive income	28,513
Balance at December 31, 2019	$ 1,022,688
Balance at January 1, 2018	$ 885,097
Total losses recognized:	
In other comprehensive income	109,078
Balance at December 31, 2018	$ 994,175

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	• Multipliers of price-to-earnings ratios as of December 31, 2019 and December 31, 2018 were 15.79~17.41 and 13.20~17.32, respectively • Multipliers of equity ratio 1.17 • Market illiquidity discount rate as of December 31, 2019 and December 31, 2018 was all 20%	The estimated fair value would increase (decrease) if • the multiplier was higher (lower) • the market illiquidity discount was lower (higher)

5) Fair value measurements in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Input	Assumptions	Other comprehensive income	
			Favorable	Unfavorable
December 31, 2019				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	$ 12,809	(12,809)
December 31, 2018				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	12,431	(12,431)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(aa) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk
2) Liquidity risk
3) Market risk

This note discloses information about the Group's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

(ii) Risk management framework

The Group's finance department is responsible for the establishment and management of the Group's risk management framework and policies. It is overseen by and reports to management, the Audit Committee, and the Board of Directors regarding the framework's operations.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by Internal Audit, with undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable and Notes Receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. The Group' s Accounts Receivable and Notes Receivable are mainly due from customers in China, accounting 53% and 43% of the total amount of the receivables as of December 31, 2019, and 2018, respectively.

The sales department and the finance department of the Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes the history of transactions with the counter-party, its financial position, and geographic considerations. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Goods are sold subject to a retention of title clause so that in the event of non-payment, the Group may have a secured claim. The Group otherwise does not require collateral in respect of trade and other receivables.

The Group has established an allowance for doubtful accounts to reflect its actual and estimated potential losses resulting from uncollectible accounts and trade receivables. The allowance for doubtful accounts consists primarily of specific losses regarding individual customers and estimates of potential losses based on the use of lifetime expected credit loss provision.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since those who transact with the Group are banks and other external parties with good credit standing, financial institutions with a credit rating above investment grade, and government agencies, there are no non-compliance issues. With regard to investment in a financial institution with a credit rating above investment grade, an investment limit is set according to the long-term credit rating. Hence, there is no significant credit risk.

3) Guarantees

The Group's policy allows it to provide financial guarantees to business partners or to related parties and jointly controlled entities according to its percentage ownership in these entities. Financial guarantees provided by the Group as of December 31, 2019 and 2018, are disclosed in note 7 "Related-party Transactions."

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

Generally, the Group ensures that it maintains sufficient cash and unused loans to meet expected operational expenses, including the fulfillment of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group'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.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Company. The currencies used in these transactions are NTD, EUR, USD, JPY and CNY.

Foreign exchange gains and losses resulting from account and trade receivables held by the Group in a currency other than the respective functional currencies are used to offset foreign exchange gains and losses resulting from short-term loans denominated in a foreign currency. Hence, the Group's risk exposure to foreign exchange risk is reduced.

Interest expenses are denominated in the same currency as that of the principal. Generally, the currency of loans matches that of the Group's operating cash flow, primarily consisting of NTD, EUR, USD, JPY, and CNY.

With regard to monetary assets and liabilities denominated in a foreign currency, when a short-term risk exposure exists, the Group relies on immediate foreign exchange transactions to ensure the net exposure to foreign exchange risk is maintained at an acceptable level.

The Group does not hedge against investments of related parties.

2) Interest rate risk

The interest rates of the Group's long-term and short-term borrowings are floating. Hence, changes in market conditions will cause fluctuations in the effective interest rate of the aforementioned loans. The Group's finance department monitors and measures potential changes in market conditions, entering into interest rate swaps to achieve a fixed interest rate on the Group's loans.

3) Other market price risk

The Group does not enter into any commodity contracts other than to meet the Group's expected usage and sales requirements; such contracts are not settled on a net basis.

(ab) Capital management

The Group's goal of capital management is to ensure the Group's continuing operating capacity, and to continuously provide remuneration to the shareholders and benefits to other equity holders. To ensure that the above-mentioned goal is achieved, the Group's management reviews its capital structure periodically. In consideration of the overall economic situation, financing cost and sufficiency of cash in-flows generated by operating activities, the Group will adjust its capital structure by paying dividends, issuing new stock, purchasing treasury stock, increasing or decreasing loans, and issuing or purchasing bonds.

The Group's capital structure at the end of the reporting period were as follows:

	December 31, 2019	December 31, 2018
Total liabilities	$ 16,062,200	13,348,328
Total equity	16,452,723	16,881,841
Total assets	$ 32,514,923	30,230,169
Debts ratio	49%	44%

As of December 31, 2019, there were no material changes in the Group's debts ratio.

(ac) Investing and financing activities not affecting current cash flow

The Group did not have any non-cash flow transactions on investing and financing activities for the years ended December 31, 2019 and 2018.

(ad) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2019 and 2018 were as follows:

			Non-cash changes			
	January 1, 2019	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	Others	December 31, 2019
Long-term borrowings (including current portion)	$ 4,568,325	432,005	(40,390)	-	-	4,959,940
Other long-term borrowings	499,693	(155,663)	-	5,257	-	349,287
Short-term borrowings	4,147,772	651,635	(70,259)	-	-	4,729,148
Lease liabilities	1,061,164	(195,171)	(22,363)	10,400	7,601	861,631
Total liabilities from financing activities	$ 10,276,954	732,806	(133,012)	15,657	7,601	10,900,006

			Non-cash changes		
	January 1, 2018	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	December 31, 2018
Long-term borrowings (including current portion)	$ 1,600,000	2,953,662	14,663	-	4,568,325
Other long-term borrowings	-	494,940	-	4,753	499,693
Short-term borrowings	6,365,254	(2,525,355)	307,873	-	4,147,772
Short-term commercial paper payable	349,975	(350,477)	-	502	-
Total liabilities from financing activities	$ 8,315,229	572,770	322,536	5,255	9,215,790

<7> Related-party Transactions

(a) Parent company and ultimate controlling party

Montrion Corporation is the ultimate controlling party of the Group, which indirectly holds 14.14% of the company's outstanding common shares through Han-De Construction Co., Ltd, and Wei-Dar Development Co., Ltd. and controls more than half of board of directors members.

(b) Names and relationship with related parties

In this consolidated financial report, the related parties having transactions with the consolidated group are listed as below:

Name of related party	Relationship with the Group
Indian Synthetic Rubber Private Limited	· The Group recognized joint venture under equity method (reclassified from associate to joint venture since April 2018)
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	· The Group recognized associates under equity method
Asia Pacific Energy Development Co., Ltd.	〃
Taiwan Advanced Material Corp.	· The Group recognized joint venture under equity method (has been liquidated in December 2018)
Nantong Qix Storage Co., Ltd.	· The Group recognized joint venture under equity method
Marubeni Corporation	· Corporate investor of the consolidated entity
UBE Industrial Ltd.	〃
Metropolis Property Management Corporation	· Other related parties of the group
Continental Engineering Corporation	〃
WFV Corporation	〃
UBE (Shanghai) Ltd.	· Subsidiary of corporate investor of the consolidated entity

(c) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

	2019	2018
Associates	$ 33,669	17,149

The sales price with related parties is not significantly different from normal transactions, and the payment terms were about one month.

(ii) Purchases

The amounts of purchase transactions with related parties were as follows:

	2019	2018
Others	$ 369,341	212,465

There were no significant differences between the pricing of purchase transactions with related parties and that with other suppliers. The payment terms ranged from one to two months, which were similar to other suppliers.

(iii) Service income and expenses

The Group provided and received warehouse, management, technologies and IT services to associates, joint ventures, and other related parties. The amounts recognized as other income and expenses were as follows:

	2019	2018
Associates		
Indian Synthetic Rubber Private Limited	$ -	15,197
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	149,375	174,309
Joint ventures		
Indian Synthetic Rubber Private Limited	53,466	47,455
Others	3,614	3,786
Other related parties		
Others	(12,971)	(8,393)
	$ 193,484	232,354

(iv) Lease - Rent income

	2019	2018
Others	$ 4,445	4,439

The amount of rent is in reference to neighboring rent, and the rental is collected monthly from other relative parties.

(v) Receivable from related parties

The details of the Group's receivable from related parties were as follows:

Account	Type of related parties	December 31, 2019	December 31, 2018
Other receivable	Associates		
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$ 24,403	21,365
Other receivable	Joint ventures		
	Indian Synthetic Rubber Private Limited	17,541	20,820
	Others	546	242
		$ 42,490	42,427

(vi) Payable to related parties

The details of the Group's payable to related parties were as follows:

Account	Type of related parties	December 31, 2019	December 31, 2018
Accounts payable	Other related parties	$ 59,418	-
Other payable	Other related parties	910	908
		$ 60,328	908

(vii) Guarantees

The credit limits of the guarantees the Group had provided on the bank loans of related parties were as follows:

		December 31, 2019	December 31, 2018
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$	1,113,557	1,530,733
Joint ventures			
Indian Synthetic Rubber Private Limited		1,431,541	1,461,354
	$	2,545,098	2,992,087

Accordingly, the amounts of the Group recognized provision liabilities and investments accounted for under the equity method were as follows:

		December 31, 2019	December 31, 2018
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$	4,080	4,428
Joint ventures			
Indian Synthetic Rubber Private Limited		15,147	24,761
	$	19,227	29,189

(d) Key management personnel transactions

The compensation of the key management personnel comprised the following:

		2019	2018
Short-term employee benefits	$	111,402	108,307
Post-employment benefits		1,498	1,288
	$	112,900	109,595

<8> Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2019	December 31, 2018
Restricted savings deposits (recorded as other non-current assets)	Guarantee for bank loans	$	1,233	-
Machinery etc. (recorded property, plant and equipment)	Guarantee for long-term borrowings		317,610	361,731
		$	318,843	361,731

<9> Commitments and Contingencies

(a) As of December 31, 2019 and 2018, the Group's unused letters of credit outstanding for purchases of materials were $1,898,743 thousand and $2,050,872 thousand, respectively.

(b) As of December 31, 2019 and 2018, the Group's signed construction and design contracts with several factories totaled $2,222,624 thousand and $1,717,411 thousand, respectively, of which $1,665,915 thousand and $466,392 thousand, respectively, were paid.

<10> Losses Due to Major Disasters: None.

<11> Subsequent Events

The Group intends to purchase the parcel of land under the lease agreement with Yongan Industrial Park Service Center under Industrial Development Bureau of Ministry of Economic Affairs. The Group paid $140,042 thousand on March 10, 2020 after the deduction of rent paid and security deposit, which amounted to $102,676 thousand. As of March 17, 2020, the property transfer registration is still being processed.

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<12> Others

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

By function / By nature	Year ended December 31, 2019			Year ended December 31, 2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,008,407	668,306	1,676,713	935,385	633,012	1,568,397
Labor and health insurance	88,290	59,425	147,715	84,622	55,575	140,197
Pension	76,394	39,609	116,003	73,865	36,844	110,709
Directors' remuneration	-	22,879	22,879	-	40,402	40,402
Others (note 1)	153,050	95,282	248,332	162,922	88,733	251,655
Depreciation (note 2)	811,953	170,280	982,233	743,685	116,164	859,849
Amortization	6,081	148,129	154,210	6,422	146,218	152,640

Note1: Other personnel expenses included meals, employee welfare, training expenses and employees' bonus.
Note2: Depreciation expenses for investment property recognized under other income and expenses amounting to $14,725 thousand and $14,726 thousand for the years ended December 31, 2019 and 2018 were excluded.

<13> Other Disclosures

(a) 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 Group:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance
1	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	Loan	Yes	189,144	185,893

Note1 : The loan limit extended per party of TSRC (Shanghai) Industries Ltd. should not be over 10% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the loan limit extended per party should not be over 50% of the total equity of the most recent financial statements audited or reviewed by a CPA.
Note2 : The maximum loan extended to all parties of TSRC (Shanghai) Industries Ltd. should not be over 40% of total equity. However, if the counterparty is a subsidiary 100.00% owned, directly or indirectly by TSRC, the total loan limit should not be over 100% of total equity of the most recent financial statements audited or reviewed by a CPA .
Note3 : TSRC (Shanghai) Industries Ltd., and TSRC (Nantong) Industries Ltd. are 100.00% owned by TSRC.
Note4 : Credit period: The financing period should not be over one year.
Note5 : Loans to other parties numbering is as follows:
(1) if it's ordinary business relationship, the number is "1".
(2) if it needs short term financial funds, the number is "2".
Note6 : The transactions within the Group were eliminated in the consolidated financial statements.

Unit: thousand NTD

Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
						Item	Value		
185,893	3.915%	2	-	Operating capital	-		-	245,514 (Note 1)	491,027 (Note 2)

(ii) Guarantees and endorsements for other parties:

No.	Name of Company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements
		Name	Relationship with the Company			
0	TSRC	TSRC (USA) Investment Corporation	4	(Note 2)	474,180	451,590
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	1,557,702	1,113,557
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	1,503,151	1,431,541
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	458,586	439,548
0	TSRC	Dexco Polymers L.P.	4	(Note 2)	316,120	301,060

Note1 : The guarantee's relationship with the guarantor is as follows:
(1) A company with which it does business.
(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre construction homes pursuant to the Consumer Protection Act for each other.

Note2 : The guaranteed amount is limited to 50% of total equity amounting to $7,437,846 thousand.
Note3 : The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to $22,313,538 thousand.
Note4 : The transactions within the Group were eliminated in the consolidated financial statements.

(iii) Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of security	Relationship with the security issuer	Account name
TSRC	Taiwan High Speed Rail Corporation	-	Financial assets at fair value through other comprehensive income - non-current
TSRC	Evergreen Steel Corporation	-	Financial assets at fair value through other comprehensive income - non-current
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current
TSRC	Hsin Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income - non-current
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

Unit: thousand NTD

Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of Company in Mainland China
353,746	-	3.03%	(Note 3)	Y		
276,544	-	7.49%	(Note 3)			Y
1,217,035	-	9.62%	(Note 3)			
391,378	-	2.95%	(Note 3)	Y		
245,096	-	2.02%	(Note 3)	Y		

Unit: thousand NTD

Ending balance				Maximum investment in 2019	Remarks
Number of shares	Book value	Holding percentage	Market value		
3,000,000	115,200	0.05%	115,200	100,010	
12,148,000	349,984	3.00%	349,984	209,878	
599,999	147,180	5.42%	147,180	65,143	
5,657,000	320,073	3.90%	320,073	64,296	
837,552	205,451	7.57%	205,451	57,477	
	1,137,888		1,137,888	496,804	

(vii) Related party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of Company	Counter-party	Relationship
TSRC (Lux.) Corporation S.à r.l.	TSRC	Related parties
TSRC	TSRC (Lux.) Corporation S.'a r.l.	Related parties
Shen Hua Chemical Industries Co., Ltd.	Marubeni Corporation	A director of Shen Hua Chemical Industries Co., Ltd.
Dexco Polymers L.P.	TSRC	Related parties
TSRC	Dexco Polymers L.P.	Related parties
TSRC-UBE (Nantong) Industries Ltd.	Marubeni Corporation	A director of TSRC UBE (Nantong) Industries Ltd.
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	Related parties
TSRC (Lux.) Corporation S.'a r.l.	Dexco Polymers L.P.	Related parties
Dexco Polymers L.P.	TSRC (Lux.) Corporation S.'a r.l.	Related parties
TSRC (Lux.) Corporation S.'a r.l.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a.r.l.	Related parties

Note1: The transactions within the Group were eliminated in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.à r.l.	Related parties	234,516

Note 1: Transactions within the Group were eliminated in the consolidated financial statements.

Note 2: Until March 17, 2020.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(vii)

Unit: thousand NTD

Transaction details				Status and reason for deviation from arm's length transaction		Account / note receivable (payable)		Remarks
Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Purchase	202,417	7.84%	70 days	-		(34,574)	(9.97)%	
Sale	(202,417)	(1.86)%	70 days	-		34,574	3.24%	
Purchase	190,379	3.34%	14 days	-		(45,243)	(7.02)%	
Purchase	208,268	8.43%	70 days	-		(55,015)	(13.69)%	
Sale	(208,268)	(1.92)%	70 days	-		55,015	5.15%	
Purchase	178,962	8.02%	14 days	-		(14,175)	(4.49)%	
Purchase	264,908	84.85%	40 days	-		(19,747)	(50.39)%	
Sale	(264,908)	(5.92)%	40 days	-		19,747	3.75%	
Purchase	859,445	33.30%	90 days	-		(82,025)	(23.65)%	
Sale	(859,445)	(21.19)%	90 days	-		82,025	20.42%	
Purchase	1,518,361	58.82%	70 days	-		(234,516)	(67.62)%	
Sale	(1,518,361)	(33.92)%	70 days	-		234,516	44.51%	

Unit: thousand NTD

Turnover rate	Overdue amount		Amounts received in subsequent period (Note 2)	Allowances for bad debts
	Amount	Action taken		
6.09	-		128,079	-

(x) Business relationships and significant intercompany transactions:

No.	Name of Company	Name of counter party	Existing relationship with the counter-party
0	TSRC	TSRC (Nantong) Industries Ltd.	1
0	TSRC	TSRC (Nantong) Industries Ltd.	1
0	TSRC	TSRC (Lux.) Corporation S.'a r.l.	1
0	TSRC	TSRC (Lux.) Corporation S.'a.r.l.	1
0	TSRC	Polybus Corporation Pte Ltd.	1
0	TSRC	Dexco Polymers L.P.	1
0	TSRC	Dexco Polymers L.P.	1
0	TSRC	TSRC (Nantong) Industries Ltd.	1
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	3
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a r.l.	3
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a r.l.	3
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3
2	Dexco Polymers L.P.	TSRC (Lux.) Corporation S.'a r.l.	3
2	Dexco Polymers L.P.	TSRC (Lux.) Corporation S.'a r.l.	3
3	TSRC (Lux.) Corporation S.'a r.l.	TSRC	2
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd	3
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd	3
5	TSRC-UBE (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3
5	TSRC-UBE (Nantong) Industries Ltd.	Shen Hua Chemical Industries Co., Ltd.	3
0	TSRC	TSRC (USA) Investment Corporation	1
0	TSRC	TSRC (Vietnam) Co., Ltd.	1
0	TSRC	Dexco Polymers L.P.	1

Note 1: Company numbering is as follows:
(1)Parent company - 0. (2)Subsidiary starts from 1.
Note 2: The number of the relationship with the transaction counterparty represents the following:
(1) represents downstream transactions.(2) represents upstream transactions.(3)represents midstream transactions.
Note 3: For balance sheet items, over 0.1% of total consolidated assets, and for profit or loss items, over 0.1% of total consolidated revenue were selected for disclosure.
Note 4: TSRC's guarantees for bank loans of investees.
Note 5: The transactions within the Group were eliminated in the consolidated financial statements.

Transaction details			
Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
Sales revenue	72,269	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.25%
Other income and expenses	52,203	〃	0.18%
Sales revenue	202,417	〃	0.70%
Accounts receivable	34,574	〃	0.11%
Sales revenue	69,339	〃	0.24%
Sales revenue	208,268	〃	0.72%
Accounts receivable	55,015	〃	0.17%
Other income and expenses	53,967	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.19%
Sales revenue	62,575	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.22%
Sales revenue	264,908	〃	0.92%
Sales revenue	1,518,361	〃	5.25%
Accounts receivable	234,516	〃	0.72%
Other income and expenses	213,465	〃	0.74%
Sales revenue	859,445	The transaction is not significantly different from normal transactions, and the collection terms were about three months	2.97%
Accounts receivable	82,025	〃	0.25%
Other income and expenses	50,390	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.17%
Sales revenue	57,973	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.20%
Entrusted loans	185,893	One year based on the contract of entrusted loans	0.57%
Sales revenue	46,491	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.16%
Sales revenue	63,196	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.22%
Note 4	451,590	-	-
Note 4	439,548	-	-
Note 4	301,060	-	-

(b) Information on investees:
The following is the information on investees for the year ended December 31, 2019 (excluding information on investees in Mainlanz

Name of investor	Name of investee	Address	Scope of business
TSRC	Trimurti Holding Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	Hardison International Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	Dymas Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	TSRC (Vietnam) Co., Ltd.	8 VSIP II-A Street 31, Vietnam Singapore Industrial Park II A, Tan Uyen Town, Binh Duong Province, Vietnam	Production and sale of TPE
Trimurti Holding Corporation	Polybus Corporation Pte Ltd.	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F BOC Group Life Assurance Tower 136 Des Voeux Road Central	Investment corporation
Trimurti Holding Corporation	Indian Synthetic Rubber Private Limited	Room No.702, Indian Oil Bhawan, 1 Sri Aurobindo Marg, Yusuf Sarai, New Delhi 110016, India	Production and sale of synthetic rubber products
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.'a r.l.	39-43 avenue de la Liberte L-1931 Luxembourg	International commerce and investment corporation
TSRC (Lux.) Corporation S.'a r.l.	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, Country of New Castle, Wilmington, Delaware. ,19808.	Investment corporation
TSRC (USA) Investment Corporation	Dexco Polymers L.P.	12012 Wickchester Lane, Suite 280, Houston, TX77079	Production and sale of TPE
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.106; EUR1 to NTD33.7488).

Note 2: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation.

Note 3: Transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:
(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2019
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,240,969 (USD41,220)	(2)a.	-
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	695,449 (USD23,100)	(2)c.	115,366 (USD3,832)
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	165,583 (USD5,500)	(2)b.	118,015 (USD3,920)
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	90,318 (USD3,000)	(2)d.	45,159 (USD1,500)
TSRC-UBE (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	1,204,240 (USD40,000)	(2)a.	30,106 (USD1,000)
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,164,893 (USD105,125)	(2)a.	200,145 (USD6,648)
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,348,749 (USD44,800)	(2)a.	-

Unit: thousand NTD/thousand USD/thousand EUR

Original cost		Ending balance			Maximum investment amount in 2019	Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2019	December 31, 2018	Shares	Percentage of ownership	Book value				
1,005,495	1,005,495	86,920,000	100.00%	13,358,067	1,005,495	716,150	716,150	Subsidiary
109,442	109,442	3,896,305	100.00%	927,087	109,442	85,956	85,956	Subsidiary
38,376	38,376	1,161,004	19.48%	189,652	38,376	97,870	19,065	Subsidiary (note 2)
278,280	278,280	-	100.00%	244,355	278,280	(25,105)	(25,105)	Subsidiary
1,959,931 (USD65,101)	**1,959,931 (USD65,101)**	105,830,000	100.00%	7,249,603	1,959,931	654,489	654,489	Indirectly owned subsidiary
2,343,752 (USD77,850)	**2,343,752 (USD77,850)**	77,850,000	100.00%	3,151,241	2,343,752	(9,184)	(9,184)	Indirectly owned subsidiary
887,314 (USD29,473)	**887,314 (USD29,473)**	222,861,375	50.00%	396,539	887,314	148,699	74,350	-
1,714,439 (EUR50,800)	**1,714,439 (EUR50,800)**	50,800,000	100.00%	2,548,506	1,714,439	(86,545)	(86,545)	Indirectly owned subsidiary
2,108,925 (USD70,050)	**2,108,925 (USD70,050)**	100	100.00%	2,490,167	2,108,925	(76,335)	(76,335)	Indirectly owned subsidiary
5,798,927 (USD192,617)	5,798,927 (USD192,617)	-	100.00%	1,520,826	5,798,927	115,183	115,183	Indirectly owned subsidiary
1,505 (USD50)	**1,505 (USD50)**	50,000	100.00%	119,631	1,505	7,211	7,211	Indirectly owned subsidiary
144,479 (USD4,799)	**144,479 (USD4,799)**	4,798,566	80.52%	805,234	144,479	97,870	78,805	Indirectly owned subsidiary
339,746 (USD11,285)	**339,746 (USD11,285)**	7,522,337	37.78%	404,508	339,746	218,853	82,683	-

Unit: thousand NTD/thousand USD

Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2019	Net income (loss) of investee	Direct / indirect investment holding percentage	Maximum investment in 2019	Investment income (loss)	Book value	Accumulated remittance of earnings in current period
Remittance amount	Repatriation amount							
-	-	-	142,721	65.44%	812,090	93,396 (note 2)	1,769,841	4,379,389
-	-	115,366 (USD3,832)	324,781	28.34%	197,090	92,043 (note 3)	389,012	-
-	-	118,015 (USD3,920)	81,606	100.00%	165,583	81,606 (note 2)	491,027	-
-	-	45,159 (USD1,500)	15,056	50.00%	45,159	7,528 (note 2)	66,433	-
-	-	30,106 (USD1,000)	61,066	55.00%	662,332	33,586 (note 2)	795,943	-
-	-	200,145 (USD6,648)	496,578	100.00%	3,164,893	496,578 (note 2)	4,335,549	-
-	-	-	39,130	50.00%	674,375	19,565 (note 3)	231,111	-

Note1 : The method of investment is divided into the following four categories:
(1) Remittance from third-region companies to invest in Mainland China.
(2) Through the establishment of third-region companies then investing in Mainland China.
a. Through the establishment of Polybus Corporation Pte Ltd. then investing in Mainland China.
b. Through the establishment of TSRC (Hing Kong) Limited then investing in Mainland China.
c. Through the establishment of Asia Pacific Energy Development Co., Ltd. then investing in Mainland China.
d. Through the establishment of Triton International Holdings Corporation then investing in Mainland China.
(3) Through transferring the investment to third-region existing companies then investing in Mainland China.
(4) Other methods: EX: delegated investments.

Note2 : The investment income (losses) were recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note3 : The investment income (losses) were recognized under the equity method and based on the financial statements audited by international accounting firms.

Note4 : Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.106).

Note5 : The transactions within the Group were eliminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China: Unit: thousand NTD / thousand USD

Company name	Accumulated investment amount in Mainland China as of December 31, 2019	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	508,791 (USD16,900)	5,639,908 (USD187,335) (Note2)	- (Note1)

Note1 : In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China" amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau, Ministry of Economic Affairs, on August 23, 2018. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from August 20, 2018 to August 19, 2021.

Note2 : This amount includes capital increase out of earnings, approved by the Investment Commission, MOEA.

Note3 : Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.106).

(iii) Significant transactions:

Related information is provided in note 13(a)x.

<14> Segment Information

(a) General information

There are two segments which should be reported: synthetic rubber and non-synthetic rubber others. The synthetic rubber segment produces and sells synthetic rubber and TPE products. The non-synthetic rubber segment produces and sells applied materials. The others segment provides storage service.

A reportable department is a strategic business unit providing different products and services. Because each strategic business unit requires different kinds of techniques and marketing tactics, it should be separately managed. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity. Because taxation and extraordinary activity are managed on a group basis, they are not able to be allocated to each reportable segment. In addition, not all profit or loss from reportable segments includes significant non-cash items such as depreciation and amortization. The reportable amount is consistent with that in the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Accounting Policies".

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

Information on reportable segments and reconciliation for the Group is as follows:

	2019				
	Synthetic rubber	Non synthetic rubber	Others	Adjustments or elimination	Total
Revenue:					
Revenue from external customers	$ 27,108,301	1,802,422	-	-	28,910,723

	2019				
	Synthetic rubber	Non synthetic rubber	Others	Adjustments or elimination	Total
Interest revenue	75,285	2,993	13,597	-	91,875
Total revenue	$ 27,183,586	1,805,415	13,597	-	29,002,598
Interest expenses	$ 180,746	13,503	-	(5,699)	188,550
Depreciation and amortization	$ 1,070,769	67,570	14,725	(1,896)	1,151,168
Share of profit of equity accounted investees (associates and jointly controlled entities)	$ 869,944	-	90,211	(776,029)	184,126
Reportable segment profit or loss	$ 827,226	322,279	7,149	97,984	1,254,638
Reportable segment assets and liabilities (note)	$ -	-	-	-	-

	2018				
	Synthetic rubber	Non synthetic rubber	Others	Adjustments or elimination	Total
Revenue:					
Revenue from external customers	$ 28,059,773	1,691,445	-	-	29,751,218
Interest revenue	63,495	4,093	10,587	-	78,175
Total revenue	$ 28,123,268	1,695,538	10,587	-	29,829,393
Interest expenses	$ 161,061	9,216	-	(843)	169,434
Depreciation and amortization	$ 948,506	52,729	30,444	(4,464)	1,027,215
Share of profit of equity-accounted investees (associates and jointly controlled entities)	$ 1,305,978	-	59,312	(1,067,570)	297,720
Reportable segment profit or loss	$ 1,226,488	332,391	25,183	46,381	1,630,443
Reportable segment assets and liabilities (note)	$ -	-	-	-	-

Note: As the information on segment assets and liabilities was not provided to the chief operating decision maker, the information on segment assets and liabilities is not disclosed.

(c) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Geographical information	2019	2018
Revenue from external customers:		
China	$ 12,016,138	12,567,753
United States	3,575,084	3,887,293
Taiwan	3,392,860	2,975,814
Thailand	1,493,596	1,868,240
Vietnam	1,420,734	1,279,319
Germany	1,339,558	1,250,867
Japan	604,319	596,790
Other countries	5,068,434	5,325,142
Total	$ 28,910,723	29,751,218

Geographical information	December 31, 2019	December 31, 2018
Non current assets:		
China	$ 7,424,648	6,216,425
Taiwan	4,544,863	4,494,372
United States	2,337,074	2,295,249
Other countries	1,484,093	818,840
Total	$ 15,790,678	13,824,886

Non-current assets include investment accounted for under the equity method, property, plant and equipment, right-of-use assets, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from insurance contract (non-current).

(d) Information about major customers

For the years 2019 and 2018, the Group had no major customer who constituted 10% or more of net sales..

Parent Company Only Financial Statements and independent auditors' report for the most recent fiscal year

Independent Auditors' Report

To the Board of Directors of TSRC Corporation:

Opinion

We have audited the financial statements of TSRC Corporation, which comprise the statements of financial position as of December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2019 and 2018, 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 TSRC Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 for the year end December 31, 2019. 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.

1. Revenue recognition

   Please refer to note 4(q) and 6(u) for disclosures related to revenue recognition.

   Description of key audit matter:

   Revenue is the key indicator used by investors and management while evaluating the TSRC Corporation's finance or operating performance. The accuracy of the timing and amount of revenue recognized have significant impact on the financial statements, for which the assumptions and judgments of revenue measurement and recognition rely on subjective judgments of the management. Therefore, we consider it as the key audit matter.

   How the matter was addressed in our audit:

   Testing the effectiveness of design and implementing the internal control (both manual and system control) of sales and collecting cycle; reviewing the revenue recognition of significant sales contracts to determine whether the accounting treatment key judgment, estimation, and accounting treatment are reasonable; analyzing the changes in top 10 customers from the most recent period and last year, and the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements; selecting sales transactions from a period of time before and after the balance sheet date, and verifying with the vouchers to determine the accuracy of the timing and amounts of revenue recognized; understanding whether if there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

2. Inventory measurement

   Please refer to note 4(g), note 5, and note 6(f) for disclosures related to inventory measurement.

   Description of key audit matter:

   The inventory of TSRC Corporation includes various types of synthetic rubber and its raw material. Since there is an oversupply and a low market demand in the rubber manufacturing industry, which may result in a decline on the price of raw material, the carrying value of inventories may exceed its net realizable value. The measurement of inventory depends on the evaluation of the management based on evidence from internal and external, both subjective and objective. Therefore, we consider it as the key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed is to understand management's accounting policy of inventory measurement and determine whether if it is reasonable and is being implement. The procedures includes reviewing the inventory aging documents and analyzing its changes; obtaining the documents of inventory measurement and evaluating whether if the bases used for net realizable value is reasonable; selecting samples and verifying them with the vouchers to test the accuracy of the amount; and reviewing whether the disclosure of inventory measurement made by the management is appropriate.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 TSRC Corporation'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 TSRC Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the TSRC Corporation'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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 TSRC Corporation'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 TSRC Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the TSRC Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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 auditor's 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 auditor's report are Po Shu Huang and Ming Hung Huang.

KPMG

Taipei, Taiwan (Republic of China)

March 17, 2020

TSRC CORPORATION

Balance Sheets

December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
Current assets:				
Cash and cash equivalents (note 6(a))	$ 417,440	2	338,449	1
Financial assets at fair value through profit or loss - current (note 6(b))	14	-	-	-
Notes receivable, net (note 6(d))	2,662	-	2,041	-
Accounts receivable, net (note 6(d))	949,468	4	1,062,295	4
Account receivable - related parties (notes 6(d) and 7)	114,471	-	58,782	-
Other receivable (notes 6(e) and 7)	189,551	1	134,365	1
Current income tax assets	80	-	74	-
Inventories (note 6(f))	2,214,079	9	2,469,128	10
Other current assets	136,531	-	134,929	1
Total current assets	4,024,296	16	4,200,063	17
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6(c))	932,437	4	1,095,695	5
Investments accounted for under equity method (notes 6(g) and 7)	14,719,161	61	14,442,549	59
Property, plant and equipment (notes 6(h), 6(j) and 9)	2,727,714	11	2,789,755	12
Right-of-use assets (note 6(i))	177,841	1	-	-
Investment property (notes 6(j) and 6(o))	1,581,599	7	1,596,324	7
Intangible assets (note 6(k))	44,819	-	65,778	-
Deferred income tax assets (note 6(q))	71,630	-	71,154	-
Other non-current assets	12,149	-	42,515	-
Total non-current assets	20,267,350	84	20,103,770	83
Total assets	$ 24,291,646	100	24,303,833	100

See accompanying notes to parent company only financial statements

	December 31, 2019		December 31, 2018	
Liabilities and Equity	Amount	%	Amount	%
Current liabilities:				
Short-term borrowings (note 6(l))	$ 3,135,563	13	2,354,568	10
Current portion of long-term borrowings (note 6(l))	100,000	-	850,000	3
Financial liabilities at fair value through profit or loss－current (note 6(b))	228	-	-	-
Accounts payable (note 7)	866,363	4	914,222	4
Other payable (notes 6(m), 6(p), 6(t) and 7)	629,017	3	614,005	3
Current lease liabilities (note 6(n))	52,313	-	-	-
Other current liabilities (note 6(l))	30,338	-	57,572	-
Total current liabilities	4,813,822	20	4,790,367	20
Non-Current liabilities:				
Long-term bank borrowings (note 6(l))	3,350,000	14	2,950,000	12
Other long-term borrowings (note 6(l))	349,287	1	499,693	2
Provision liabilities - non-current (note 7)	19,227	-	29,189	-
Deferred income tax liabilities (note 6(q))	697,737	3	538,403	2
Non-current lease liabilities (note 6(n))	61,249	-	-	-
Other non-current liabilities (notes 6(l) and 6(p))	124,632	1	185,178	1
Total non-current liabilities	4,602,132	19	4,202,463	17
Total liabilities	9,415,954	39	8,992,830	37
Equity attributable to shareholders of the company (notes 6(c), 6(g), 6(r) and 6(x):				
Common stock	8,257,099	34	8,257,099	34
Capital surplus	47,140	-	45,158	-
Retained earnings:				
Legal reserve	3,977,141	16	3,857,922	16
Unappropriated earnings	1,940,361	8	1,951,564	8
	5,917,502	24	5,809,486	24
Other equity:				
Financial statement translation differences for foreign operations	23,383	-	465,589	2
Unrealized gain on financial assets measured at fair value through other comprehensive income	711,094	3	801,805	3
Gains (losses) on hedging instrument	(80,526)	-	(68,134)	-
	653,951	3	1,199,260	5
Total equity	14,875,692	61	15,311,003	63
Total liabilities and equity	$ 24,291,646	100	24,303,833	100

See accompanying notes to parent company only financial statements

Chairman:Nita Ing　　Manager:Joseph Chai　　Chief Accountant:Ming-Huang Chen

TSRC CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

Unit: thousand NTD

	2019		2018	
	Amount	%	Amount	%
Revenue (notes 6(u) and 7)	$ 10,856,945	100	10,834,520	100
Operating costs (notes 6(f), 6(h), 6(i), 6(k), 6(m), 6(n), 6(p), 6(t) and 7)	9,764,551	90	9,718,836	90
Gross profit from operations	1,092,394	10	1,115,684	10
Less: Unrealized gain (loss) on affiliated transactions	20,037	-	7,794	-
Gross profit	1,072,357	10	1,107,890	10
Operating expenses (notes 6(d), 6(h), 6(i), 6(k), 6(n), 6(o), 6(p), 6(t) and 7):				
Selling expenses	370,291	3	353,113	3
General and administrative expenses	470,035	4	490,195	5
Research and development expenses	277,659	3	250,918	2
Impairment loss determined in accordance with IFRS 9	202	-	1,624	-
Total operating expenses	1,118,187	10	1,095,850	10
Other income and expenses, net (notes 6(j), 6(o), 6(p), 6(v) and 7)	175,711	2	238,926	2
Operating profit	129,881	2	250,966	2
Non-operating income and expenses (notes 6(g), 6(n) and 6(w)):				
Other income	72,313	1	73,955	1
Other gains and losses	21,259	-	11,051	-
Finance costs	(101,610)	(1)	(81,035)	(1)
Share of profit from the subsidiaries, the associates and joint ventures	796,066	7	1,073,192	10
Total non-operating income and expenses	788,028	7	1,077,163	10
Profit from continuing operations before tax	917,909	9	1,328,129	12
Less: Income tax expenses (note 6(q))	177,593	2	135,943	1
Profit	740,316	7	1,192,186	11
Other comprehensive income:				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined benefit plans	(20,478)	-	(21,854)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	104,125	1	159,333	1
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	2,537	-	18,663	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	86,184	1	156,142	1
Items that may be reclassified subsequently to profit or loss				
Financial statements translation differences for foreign operations	(442,206)	(4)	(46,419)	-
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	(12,392)	-	(79,855)	(1)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	(454,598)	(4)	(126,274)	(1)
Other comprehensive income	(368,414)	(3)	29,868	-
Total comprehensive income	$ 371,902	4	1,222,054	11
Basic earnings per share (in New Taiwan dollars) (note 6(s))	$ 0.90		1.44	
Diluted earnings per share (in New Taiwan dollars) (note 6(s))	$ 0.89		1.44	

See accompanying notes to parent company only financial statements

Chairman:Nita Ing　　Manager:Joseph Chai　　Chief Accountant:Ming-Huang Chen

TSRC CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings		
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total
Balance at January 1, 2018	$ 8,257,099	41,043	3,770,512	1,691,172	5,461,684
Appropriation and distribution:					
Legal reserve	-	-	87,410	(87,410)	-
Cash dividends	-	-	-	(792,682)	(792,682)
Other changes in capital surplus	-	4,115	-	-	-
Net income	-	-	-	1,192,186	1,192,186
Other comprehensive income (loss)	-	-	-	(21,854)	(21,854)
Total comprehensive income (loss)	-	-	-	1,170,332	1,170,332
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(29,848)	(29,848)
Balance at December 31, 2018	8,257,099	45,158	3,857,922	1,951,564	5,809,486
Appropriation and distribution:					
Legal reserve	-	-	119,219	(119,219)	-
Cash dividends	-	-	-	(809,195)	(809,195)
Other changes in capital surplus	-	1,982	-	-	-
Net income	-	-	-	740,316	740,316
Other comprehensive income (loss)	-	-	-	(20,478)	(20,478)
Total comprehensive income (loss)	-	-	-	719,838	719,838
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	197,373	197,373
Balance at December 31, 2019	$ 8,257,099	47,140	3,977,141	1,940,361	5,917,502

Total other equity interest				
Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on effective portion of cash flow hedges	Total	Total equity
512,008	593,961	11,721	1,117,690	14,877,516
-	-	-	-	-
-	-	-	-	(792,682)
-	-	-	-	4,115
-	-	-	-	1,192,186
(46,419)	177,996	(79,855)	51,722	29,868
(46,419)	177,996	(79,855)	51,722	1,222,054
-	29,848	-	29,848	-
465,589	801,805	(68,134)	1,199,260	15,311,003
-	-	-	-	-
-	-	-	-	(809,195)
-	-	-	-	1,982
-	-	-	-	740,316
(442,206)	106,662	(12,392)	(347,936)	(368,414)
(442,206)	106,662	(12,392)	(347,936)	371,902
-	(197,373)	-	(197,373)	-
23,383	711,094	(80,526)	653,951	14,875,692

See accompanying notes to parent company only financial statements

Chairman:Nita Ing Manager:Joseph Chai Chief Accountant:Ming-Huang Chen

TSRC CORPORATION

Statements of Cash Flows

For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Consolidated net income before tax	$ 917,909	1,328,129
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	307,051	274,913
Amortization	24,699	27,123
Expected credit losses for bad debt expense	202	1,624
Interest expense	101,610	81,035
Interest income	(8,887)	(7,485)
Dividend income	(63,426)	(66,470)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	(796,066)	(1,073,192)
Loss on disposal of property, plant and equipment	-	1,088
Unrealized gain from sales	20,037	7,794
Amortization to operating costs and inventories	35,409	-
Unearned revenue from technology provided to investee	37,394	8,014
Total adjustments to reconcile profit and loss	(341,977)	(745,556)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(14)	-
Notes receivable	(621)	(1,693)
Accounts receivable	112,625	(33,439)
Accounts receivable due from related parties	(55,689)	(18,918)
Other receivable	(34,095)	3,008
Inventories	255,049	(298,113)
Other current assets	(1,602)	(39,996)
Total changes in operating assets, net	275,653	(389,151)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	228	(226)
Accounts payable	(47,859)	194,866
Other payable	11,696	50,923
Other current liabilities	(20,246)	22,134
Net defined benefit liability	(49,035)	(56,752)
Other operating liabilities	(3,138)	905
Total changes in operating liabilities, net	(108,354)	211,850
Total changes in operating assets and liabilities, net	167,299	(177,301)

Unit: thousand NTD

	2019	2018
Total adjustments	(174,678)	(922,857)
Cash provided by operating activities	743,231	405,272
Interest income received	8,877	10,931
Interest paid	(94,573)	(75,195)
Income taxes paid	(18,741)	(14,978)
Net cash provided by operating activities	638,794	326,030
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	246,302	-
Acquisition of investments accounted for under equity method	-	(278,280)
Acquisition of property, plant and equipment	(310,315)	(320,621)
Increase in other non-current assets	30,366	(28,548)
Dividends received	63,426	66,470
Proceeds from capital repayments of investments accounted for under equity method	-	245,391
Net cash provided by (used in) investing activities	29,779	(315,588)
Cash flows from financing activities:		
Increase in short-term borrowings	14,293,533	27,822,749
Decrease in short-term borrowings	(13,512,538)	(29,277,487)
Increase in short-term commercial paper payable	-	1,119,523
Decrease in short-term commercial paper payable	-	(1,470,000)
Proceeds from long-term borrowings	500,000	3,000,000
Repayments of long-term borrowings	(850,000)	(800,000)
Increase (decrease) in other long-term borrowings	(155,663)	494,940
Decrease in finance lease liabilities	-	(6,584)
Payment of lease liabilities	(59,344)	-
Cash dividends paid	(807,552)	(791,238)
Over-aging unclaimed dividends	1,982	4,115
Net cash provided by (used in) financing activities	(589,582)	96,018
Net increase in cash and cash equivalents	78,991	106,460
Cash and cash equivalents at beginning of period	338,449	231,989
Cash and cash equivalents at end of period	$ 417,440	338,449

See accompanying notes to parent company only financial statements

Chairman:Nita Ing　　Manager:Joseph Chai　　Chief Accountant:Ming-Huang Chen

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

<1> Organization and Business Scope

TSRC Corporation (the original name was Taiwan Synthetic Rubber Corporation, hereinafter referred to as "the Company") was incorporated in the Republic of China (ROC) on November 22, 1973, as a corporation limited by shares in accordance with the ROC Company Act. In May 1999, Taiwan Synthetic Rubber Corporation was renamed TSRC Corporation as approved by the stockholders' meeting. In June 2016, the Company changed its registered address to be No.2, Singgong Rd., Dashe Dist., Kaohsiung City. The Company is mainly engaged in the manufacture, import, and sale of various types of synthetic rubber, and the import, export, and sale of related raw materials.

<2> Financial Statements Authorization Date and Authorization Process

The parent company only financial statements were approved by the Board of Directors and published on March 17, 2020..

<3> New Standards, Interpretations and Amendments

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning, or after, January 1, 2019. The differences between the current version and the previous version are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of significant changes are as follows:

(i) IFRS 16 "Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases – Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is, or contains, a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is, or contains, a lease based on the definition of a lease, as explained in Note 4(m).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather clause the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on, or after, January 1, 2019.

2) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes the right-of-use assets and lease liabilities for most its leases, which are recorded in the balance sheet.

The Company decided to apply the recognition exemptions to the short term leases of its buildings and leases of transportation equipment.

- Leases classified as operating leases under IAS 17

  At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

  In addition, the Company used the following practical expedients when applying IFRS 16 to leases.

  – Applied a single discount rate to a portfolio of leases with similar characteristics.
  – Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
  – Applied the exemption not to recognize the right-of-use assets and liabilities for leases with less than 12 months of lease term.
  – Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
  – Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

- Leases previously classified as finance leases

  For leases that were classified as finance leases under IAS 17, the carrying amounts of the right-of-use asset and the lease liability at January 1, 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

3) As a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Company recognizes its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Company is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. On transition, the Company reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Company concluded that the sub-lease is a finance lease under IFRS 16.

4) Impacts on financial statements

On transition to IFRS 16, the Company recognized the additional amounts of $228,804 thousands of right-of-use assets and $170,046 thousands of lease liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.31%.

The explanation of the differences between the operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and the lease liabilities recognized in the statement of financial position at the date of initial application disclosed is as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's financial statements	$ 59,503
Extension and termination options reasonably certain to be exercised	78,079
	$ 137,582
Discounted using the incremental borrowing rate at January 1, 2019	$ 134,208
Finance lease liabilities recognized as at December 31, 2018	35,838
Lease liabilities recognized at January 1, 2019	$ 170,046

(ii) IFRIC 23 "Uncertainty over Income Tax Treatments"

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations.

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

The Company does not expect the application of IFRIC 23 to have any significant impact on its parent company only financial statements on December 31, 2019.

(b) The impact of IFRS endorsed by FSC that will soon take effect

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning, or after, January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Company assesses that the adoption of the abovementioned standards would not have any material impact on its financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

The Company assessed that the above IFRSs may not be relevant to the Company.

<4> Significant Accounting Policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. Except for those described otherwise, the accounting policies have been applied consistently to all periods presented in these parent company only financial statements, and have been applied consistently to the balance sheet as of reporting date.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on a historical cost basis except for those otherwise explained in the accounting policies in the notes.

(ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment. The Company's financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are remeasured to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

(i) an investment in equity securities designated as at fair value through other comprehensive income;
(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
(iii) qualifying cash flow hedges to the extent that the hedges are effective.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

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

(i) An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.
1) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
2) It holds the asset primarily for the purpose of trading;
3) It expects to realize the asset within twelve months after the reporting period; or
4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(ii) A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.
1) It expects to settle the liability in its normal operating cycle;
2) It holds the liability primarily for the purpose of trading;
3) The liability is due to be settled within twelve months after the reporting period even if refinancing or a revised repayment plan is arranged between the reporting date and the issuance date of the financial statements; or
4) It 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 the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, time deposits, and short-term investments with high liquidity that are subject to an insignificant risk of changes in their fair value.

The time deposits with maturity of one year or less from the acquisition date are listed in cash and cash equivalents because they are held for the purpose of meeting short-term cash commitments instead of investment or other purposes, are readily convertible to a fixed amount of cash, and are subject to an insignificant risk of changes in value.

(f) Financial instruments

Trade receivables and debt securities 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, for an item not at fair value through profit or loss (FVTPL), 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.

(i) Financial assets

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

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company shall reclassify all affected financial assets only when it changes its business model in managing its financial assets.

1) 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, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes its loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivable and guarantee deposit paid).

The Company measures its loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECL.

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.

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

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's historical experience and informed credit assessment as well as forward-looking information.

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 and debt securities at FVOCI 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.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) 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.

(ii) Financial liabilities and equity instruments

1) 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.

2) Equity instrument

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

3) 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.

4) 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.

5) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

6) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract not designated as at fair value through profit or loss issued by the Company is recognized initially at fair value plus any directly attributable transaction cost. After initial recognition, it is measured at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency exposures. Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(g) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted-average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write down amount, and such reversal is treated as a reduction of cost of goods sold.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

The equity of associates is incorporated in the financial statements using the equity method. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity accounted investees after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the changes in ownership interests of the associate in capital surplus in proportion to its ownership interests.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company’s interests in the associate.

When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(i) Investment in subsidiaries

When preparing the Company's financial statements, investments in subsidiaries which are controlled by the Company using the equity method. Under the equity method, the net income, other comprehensive income, and equity in the financial statements are equivalent to those attributable to the shareholders of the parent company in the consolidated financial statements.

Changes in ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions.

If the investment in shares is not made by cash but in exchange with providing service or other assets, the cost of the investment is determined by either the fair value of shares purchased, the fair value of the service provided, or the fair value of the assets exchanged, which ever can be determined more objectively. If the investment in subsidiary is in exchange with service to be provided in the future, the account "investment in equity method" should be credited and reversed to recognized investment income based on the timing of the service provided under a reasonable accounting system.

(j) Joint arrangement

A joint venture is a joint arrangement whereby the Company has joint control of the arrangement (i.e. joint venturers) in which the Company has rights to the net assets of the arrangement , rather than rights to its assets and obligations for its liabilities. The Company recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 “Investments in Associates and Joint Ventures”, unless the Company qualifies for exemption from that Standard. Please refer to note 4(i) for the application of the equity method.

The Company determines the type of joint arrangement in which it is involved by considering the structure and form of the arrangement, the separate legal vehicle, the terms agreed by the parties in the contractual arrangement and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(k) Property, plant and equipment

(i) 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 profit or loss.

(ii) Reclassification to investment properties

Property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property..

(iii) 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.

(iv) 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 has an unlimited useful life and therefore is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

1) Land improvements	8~30 years
2) Buildings	3~60 years
3) Machinery	3~40 years
4) Furniture and fixtures equipment	3~8 years

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

(l) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(m) Leases

Applicable commencing January 1, 2019

(i) Identifying a lease

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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
2) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Company has the right to direct use of the asset when it has the decision-making rights that are most relevant to changing how, and for what purpose, the asset is used. In rare cases where the decision about how, and for what purpose, the asset is used is predetermined, the Company has the right to direct the use of an asset if either:
   - the Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
   - the Company designed the asset in a way that predetermines how, and for what purpose, it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(ii) As a leasee

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 using the 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:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- 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:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment of the underlying asset purchase option; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is 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 its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) 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.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

Applicable before January 1, 2019

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term.

(ii) Lessee

Leases in which the Company assumes substantially all of the risks and rewards of ownership of leased assets are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present of the minimum lease payments. Subsequent minimum lease payments are attributable to finance cost and the reduction of the outstanding liabilities, and the finance cost is allocated to each period during the lease term using a constant periodic rate of interest on the remaining balance of the liability. The acquisition of property, plant and equipment under a finance lease is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognized in the Company's statement of financial position. Payments made under an operating lease are recognized in profit or loss on a straight-line basis over the term of the lease.

(n) Intangible assets

Intangible assets comprise computer software and industrial technology and are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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 of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

(i)Computer software	3 years
(ii)Industrial technology	10 years

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

(o) Impairment - 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 CGUs. The recoverable amount of an asset or 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 CGU.

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

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other 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 depreciation or amortization, if no impairment loss had been recognized

(p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(q) Revenue

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.

(i) Sale of goods

The Company is mainly engaged in the manufacture and sale of various types of synthetic rubber. The Company recognizes revenue when control of the products has been transferred. When the products are delivered to the customer, the ownership of the significant risks and rewards of the products have been transferred to the customer, and the Company is no longer engaged with the management of the products. Delivery occurs being 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 and 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.

(ii) Management services

The Company is engaged in providing management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided at the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on surveys of work performed.

(iii) 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.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A 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.

(s) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be 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 shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction;

(ii) 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

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  i the same taxable entity; or

  ii different taxable entities which intend annually either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities, simultaneously.

A deferred tax asset should be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(t) Earnings per share

Earnings per share (EPS) of common stock are calculated by dividing net income (or loss) for the reporting period attributable to common stockholders by the weighted-average number of common shares outstanding during that period. The weighted-average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid-in capital.

Employee bonuses in the form of stock of the Company are potential stock. If the potential stock does not have a dilutive effect, only the basic earnings per share are disclosed; otherwise, diluted earnings per share are disclosed in addition to the basic earnings per share. When computing diluted earnings per share with regard to employee bonuses in the form of stock, the closing price at the reporting date is used as the basis of computation of the number of shares to be issued. When computing diluted earnings per share prior to the following Board of Directors, the effect of dilution from these potential shares is taken into consideration.

(u) Operating segments

The Company has disclosed information about operating segments in its consolidated financial statements. Hence no further information is disclosed in the financial statements.

<5> Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of the parent company only financial statements in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers requires management to make 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 will continually review the estimates and basic assumptions. Changes in accounting estimates will be recognized in the period of change and the future period of their impact.

There are no critical judgments in applying the accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Inventory measurement

Since inventory is measured by the lower of cost and net realizable value, the Company evaluated the inventory based on the selling price of the product line and price fluctuation of raw material, and written down the book value to net realizable value. Please refer to note 6(f) for inventory measurement.

<6> Description of Significant Accounts

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Checking and savings deposits	$ 267,440	338,449
Commercial paper with reverse sell agreements	150,000	-
Cash and cash equivalents per statements of cash flow	$ 417,440	338,449

The disclosure of interest rate risk and sensitivity analysis for the Company's financial assets and liabilities is referred to note 6(y).

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward contracts	$ 14	-

	December 31, 2019	December 31, 2018
Financial liabilities held for trading:		
Derivative instruments not used for hedging		
Swap contracts	$ 228	-

The Company uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. As of December 31, 2019 and , 2018, the Company reported the following derivatives financial instruments as financial assets and liabilities at fair value through profit or loss without the application of hedge accounting.

	December 31, 2019		
	Contract amount (thousand)	Currency	Maturity dates
Forward contracts	$ 230	EUR/TWD	109.01.20
Swap contracts	6,700	USD/TWD	109.01.02

(c) Financial assets at fair value through other comprehensive income - non-current

		December 31, 2019	December 31, 2018
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic)	$	115,200	305,631
Unlisted stocks (domestic and overseas)		817,237	790,064
Total	$	932,437	1,095,695

(i) Equity investments at fair value through other comprehensive income
The Company held equity instrument investment for long-term strategic purposes, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income. These investments were classified as available-for-sale financial assets - non-current on December 31, 2018.
Due to the financial asset activation, the Company sold the share of Taiwan High-speed Railway Co., Ltd. at the fair value in the 2019, the fair value at that time of disposition was $267,383 thousand and accumulated disposition benefit was $197,373 thousand, the cumulative disposition benefits have been transferred from other equity to retained earnings.
(ii) For dividend income, please refer to note 6(w).
(iii) For market risk, please refer to note 6(y).
(iv) The Company did not hold any collateral for the collectible amounts.
(v) The significant financial assets at fair value through other comprehensive income denominated in foreign currency were as follows:

		Foreign currency amount	Exchange rate	TWD
December 31, 2019				
THB	$	145,752	1.0098	147,180
December 31, 2018				
THB		153,399	0.9532	146,220

(d) Notes and accounts receivable (including related parties)

		December 31, 2019	December 31, 2018
Notes receivable	$	2,662	2,041
Accounts receivable		951,294	1,063,919
Accounts receivable - related parties		114,471	58,782
Less: allowance for impairment		1,826	1,624
	$	1,066,601	1,123,118

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The loss allowance provision were determined as follows:

		December 31, 2019		
		Gross carrying amount	Weighted average expected credit loss rate	Loss allowance provision
Current	$	1,067,755	0.13%~0.35%	1,808
1 to 30 days past due		672	1.03%~2.74%	18
	$	1,068,427		1,826

	December 31, 2018		
	Gross carrying amount	Weighted average expected credit loss rate	Loss allowance provision
Current	$ 1,093,738	0.04%~0.33%	1,045
1 to 30 days past due	28,323	0.45%~16.31%	238
31 to 90 days past due	2,681	5.98%~27.3%	341
	$ 1,124,742		1,624

The movement in the allowance for notes and accounts receivable were as follows:

	2019	2018
Balance on January 1, 2019 and 2018	$ 1,624	-
Impairment losses recognized	202	1,624
Balance on December 31, 2019 and 2018	$ 1,826	1,624

The Company did not hold any collateral for the collectible amounts. For other credit risk please refers to note 6(y).

(e) Other receivables (including related parties)

	December 31, 2019	December 31, 2018
Other receivables - related parties	$ 157,587	121,434
Other	31,964	12,931
	$ 189,551	134,365

As of December 31, 2019 and 2018, the Company had no other receivables that were past due. Therefore, no provisions for doubtful debt were required after the management' s assessment. For other credit risk information, please refers to note 6(y).

(f) Inventories

	December 31, 2019	December 31, 2018
Raw materials	$ 630,096	650,479
Supplies	11,019	10,317
Work in progress	120,764	136,600
Finished goods	1,448,729	1,667,308
Merchandise	3,471	4,424
Total	$ 2,214,079	2,469,128

As of December 31, 2018 and 2017, the Company had no other receivables that were past due. Therefore, no provisions for doubtful debt were required after the management's assessment. For other credit risk information, please refers to note 6(y).

	2019	2018
Loss on decline in market value of inventory	$ 33,646	6,191
Income from sale of scrap	(23,850)	(23,357)
Unallocated production overhead	42,631	7,946
Total	$ 52,427	(9,220)

(g) Investments accounted for under the equity method

The details of the investments accounted for under the equity method at the reporting date were as follows:

	December 31, 2019	December 31, 2018
Subsidiaries	$ 14,719,161	14,442,549

i Subsidiaries

TSRC (Vietnam) Co., Ltd. has been established in October 2018, with the approval of the Company's Board of Directors in May 2018, at an investment amount of $278,280 thousand (USD9,000 thousand).

The disposal of subsidiary' s shares (without fair value) of Pulse Metric, Inc. in 2018 was due to the unsubstantial operation of the investee, resulting in a loss of $29,848, recognized in other comprehensive income, which had been reclassified to retained earnings by the Company. Other information is provided in the Group's consolidated financial statement for the year ended December 31, 2019.

(ii) Joint ventures

Summary of respectively not significant joint ventures recognized under the equity method were as follows:

	December 31, 2018
Balance of not significant joint venture's equity	$ -

	2018
Attributable to the Company:	
Income from continued operation	$ (2,171)
Other comprehensive income	-
Total comprehensive income	$ (2,171)

The liquidation of Taiwan Advance Material Corp. in December 2018 was approved by its Board of Directors and the Ministry of Economic Affairs in October 2017, wherein the remaining amount of $245,391 thousand had been received by the Company.

(iii) Collateral

As of December 31, 2019 and 2018, the Company did not pledge any collateral on investments accounted for under the equity method.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

		Land	Land improvements	Buildings
Cost or deemed cost:				
Balance at January 1, 2019	$	614,101	83,755	1,204,304
Additions		-	-	-
Disposals		-	-	(188)
Reclassification		-	1,275	3,610
Balance at December 31, 2019	$	614,101	85,030	1,207,726
Balance at January 1, 2018	$	614,101	83,556	1,199,976
Additions		-	-	-
Disposals		-	-	(1,035)
Reclassification		-	199	5,363
Balance at December 31, 2018	$	614,101	83,755	1,204,304
Depreciation and impairment loss:				
Balance at January 1, 2019	$	-	65,312	868,970
Depreciation		-	2,466	29,711
Disposal		-	-	(188)
Balance at December 31, 2019	$	-	67,778	898,493
Balance at January 1, 2018	$	-	62,942	839,760
Depreciation		-	2,370	30,245
Disposal		-	-	(1,035)
Balance at December 31, 2018	$	-	65,312	868,970
Carrying value:				
December 31, 2019	$	614,101	17,252	309,233
December 31, 2018	$	614,101	18,443	335,334
January 1, 2018	$	614,101	20,614	360,216

The Company did not pledge any collateral on property, plant and equipment.

(i) Right-of-use assets

The Company leases its assets including its land, buildings, machinery and transportation equipment. Information about leases, for which the Company is the lessee, is presented below:

		Land	Building	Machinery
Cost:				
Balance at January 1, 2019	$	-	-	-
Effects of retrospective application		95,998	63,562	65,935
Balance at January 1, 2019		95,998	63,562	65,935
Additions		-	1,107	-
Amortization to operating costs and inventories		-	(8,163)	(27,246)
Balance at December 31, 2019	$	95,998	56,506	38,689
Accumulated depreciation and impairment losses:				
Balance at January 1, 2019	$	-	-	-
Depreciation		280	15,262	-
Balance at December 31, 2019	$	280	15,262	-
Carrying value:				
December 31, 2019	$	95,718	41,244	38,689

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Machinery	Furniture and fixtures	Leased assets	Prepayments for equipment and construction in progress	Total
8,910,692	91,968	94,596	242,237	11,241,653
-	-	-	311,960	311,960
(43,539)	-	-	-	(43,727)
182,310	9,614	(94,596)	(200,549)	(98,336)
9,049,463	101,582	-	353,648	11,411,550
8,612,836	87,051	94,596	324,214	11,016,330
-	-	-	297,381	297,381
(64,192)	(242)	-	-	(65,469)
362,048	5,159	-	(379,358)	(6,589)
8,910,692	91,968	94,596	242,237	11,241,653
7,455,398	62,218	-	-	8,451,898
235,026	8,462	-	-	275,665
(43,539)	-	-	-	(43,727)
7,646,885	70,680	-	-	8,683,836
7,297,678	55,712	-	-	8,256,092
220,824	6,748	-	-	260,187
(63,104)	(242)	-	-	(64,381)
7,455,398	62,218	-	-	8,451,898
1,402,578	30,902	-	353,648	2,727,714
1,455,294	29,750	94,596	242,237	2,789,755
1,315,158	31,339	94,596	324,214	2,760,238

Transportation equipment	Total
-	-
3,309	228,804
3,309	228,804
-	1,107
-	(35,409)
3,309	194,502
-	-
1,119	16,661
1,119	16,661
2,190	177,841

The Company leases land under a finance lease, which is classified as property, plant and equipment; the land lease prepayment is recorded as the other non-current assets, the related information please refer to note 6(l). The Company leases offices and factory facilities under an operating lease, please refer to note 6(o).

(j) Investment property

	Land	Buildings	Total
Cost:			
Balance as at January 1, 2019	$ 1,073,579	741,889	1,815,468
Additions	-	-	-
Balance as at December 31, 2019	$ 1,073,579	741,889	1,815,468
Balance as at January 1, 2018	$ 1,073,579	741,889	1,815,468
Additions	-	-	-
Balance as at December 31, 2018	$ 1,073,579	741,889	1,815,468
Depreciation:			
Balance as at January 1, 2019	$ -	219,144	219,144
Depreciation	-	14,725	14,725
Balance as at December 31, 2019	$ -	233,869	233,869
Balance as at January 1, 2018	$ -	204,418	204,418
Depreciation	-	14,726	14,726
Balance as at December 31, 2018	$ -	219,144	219,144
Carrying value:			
Balance as at December 31, 2019	$ 1,073,579	508,020	1,581,599
Balance as at December 31, 2018	$ 1,073,579	522,745	1,596,324
Balance as at January 1, 2018	$ 1,073,579	537,471	1,611,050
Fair value:			
Balance as at December 31, 2019			$ 3,334,675
Balance as at December 31, 2018			$ 3,334,675
Balance as at January 1, 2018			$ 3,334,675

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1~5 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(v) for further information.

The fair value of investment property (as disclosed in the financial statements) is based on a valuation by an independent appraiser. The range of yields applied to the net annual rentals to determine fair value of property were as follows:

Region	2019	2018
Da'an Dist., Taipei City	2.10%	2.10%

The Company has rented out a parcel of vacant land, but has decided not to treat this property as investment property because it is not the Company's intention to hold it for capital appreciation or rental income. Accordingly, the property is still recorded under property, plant and equipment.
As of December 31, 2019 and 2018, the Company did not pledge any collateral on investment properties.

(k) Intangible assets

The cost and amortization of the intangible assets of the Company were as follows:

	Industrial technology	Computer software	Total
Costs:			
Balance at January 1, 2019	$ 73,913	168,966	242,879
Reclassification	-	3,740	3,740
Balance at December 31, 2019	$ 73,913	172,706	246,619
Balance at January 1, 2018	$ 73,913	162,377	236,290
Reclassification	-	6,589	6,589
Balance at December 31, 2018	$ 73,913	168,966	242,879
Amortization:			
Balance at January 1, 2019	$ 30,653	146,448	177,101
Amortization	7,391	17,308	24,699
Balance at December 31, 2019	$ 38,044	163,756	201,800
Balance at January 1, 2018	$ 23,263	126,715	149,978
Amortization	7,390	19,733	27,123
Balance at December 31, 2018	$ 30,653	146,448	177,101
Carrying value:			
December 31, 2019	$ 35,869	8,950	44,819
December 31, 2018	$ 43,260	22,518	65,778
January 1, 2018	$ 50,650	35,662	86,312

(i) In 2019 and 2018, the amortization of intangible assets were as follows::

	2019	2018
Operating costs	$ 5,486	6,053
Operating expenses	19,213	21,070
	$ 24,699	27,123

(ii) The Company did not pledge any collateral on intangible assets.

(l) Short-term and long-term borrowings

The details of the Company's short-term and long-term borrowings were as follows:

(i) Short-term borrowings

	December 31, 2019		
	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	0.78~2.55	2020	$ 3,135,563

	December 31, 2018		
	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	0.55~3.44	2019	$ 2,354,568

As of December 31, 2019 and 2018, the unused credit facilities (including credit lines for short-term commercial paper payable) amounted to $6,581,097 thousand and $5,614,028 thousand, respectively.

(ii) Long-term borrowings

	December 31, 2019			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	NTD	1.12~1.45	2020~2023	$ 3,450,000
Current				$ 100,000
Non current				3,350,000
Total				$ 3,450,000

	December 31, 2018			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	NTD	1.05~1.44	2019~2023	$ 3,800,000
Current				$ 850,000
Non current				2,950,000
Total				$ 3,800,000

(iii) Long-term commercial paper payable

The details of the Company's Long-term commercial paper payable were as follows:

	December 31, 2019		
	Guarantee or acceptance institution	Range of interest rates (%)	Amount
Commercial paper payable	CTBC Bank	1.327	$ 350,000
Less: discount			713
Total			$ 349,287

	December 31, 2018		
	Guarantee or acceptance institution	Range of interest rates (%)	Amount
Commercial paper payable	CTBC Bank	1.2457	$ 500,000
Less: discount			307
Total			$ 499,693

(iv) Collateral of loans

The Company did not provide assets as pledge assets for the loans and short-term commercial paper payable.

(v) Finance lease liabilities

The Company has entered into a lease contract for leasing a parcel of land from the Industrial Development Bureau of the Ministry of Economic Affairs for the period from June 29, 2004, to June 28, 2024. During the term of the lease, the Company has an option to purchase the rented land from the Industrial Development Bureau of the Ministry of Economic Affairs through a formal application. Once the application is approved, the rental and deposit paid during the lease period can be offset against the purchase price. The Company intends to purchase the rented land after the contract expires. The Company intends to purchase the lease land after the expiry of the lease contract period, so it adopts the finance lease. The company intends to purchase the lease land in 2020, for more information please refer to note 11. As of December 31, 2019, for the relevant lease liabilities information, please refer to note 6(n).

The finance lease liabilities payable were as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
December 31, 2018			
Less than one year	$ 7,064	77	6,987
Between one and five years	28,256	1,054	27,202
More than five years	3,532	1,883	1,649
	$ 38,852	3,014	35,838

(m) Current provisions (recorded as other payable)

	Provision for defective products
Balance at January 1, 2019	$ 4,750
Increase in provisions	6,838
Provisions recognized	(33)
Reversal of unused provisions	(6,704)
Balance at December 31, 2019	$ 4,851
Balance at January 1, 2018	$ 13,231
Increase in provisions	6,259
Reversal of unused provisions	(14,740)
Balance at December 31, 2018	$ 4,750

The Company may have losses caused by the defeats of new products that are not yet mass produced and by the return and compensation occurred after products were delivered to customers. The Company had estimated the provisions based on historical experience and had recognized the amount under operating cost.

(n) Lease liabilities

The Company's lease liabilities were as follow:

	December 31, 2019
Current	$ 52,313
Non-current	$ 61,249

For the maturity analysis, please refer to note 6(y).

The amounts recognized in profit or loss were as follows:

	2019
Interest on lease liabilities	$ 2,195
Expenses relating to short-term leases	$ 640
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 1,979

The amounts recognized in the statement of cash flows for the Company was as follows:

	2019
Total cash outflow for leases	$ 64,158

(o) Operating leases

(i) Lessee

Non-cancellable rental payables of operating leases were as follows:

	December 31, 2018
More than five years	$ 59,503

The Company leases offices and factory facilities under operating leases. The leases typically run for a period of 4 to 5 years, with an option to renew the lease upon expiry. The lease payment will be adjusted to reflect market price when renewing the contract. For the finance lease liabilities payable, please refer to note 6(n).

For the year ended December 31, 2018, lease expenses was $19,321 thousand.

(ii) Lessor

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets; please refer to note 6(j).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	December 31, 2019
Less than one year	$ 53,603
One to two years	51,854
Two to three years	51,253
Three to four years	46,811
Four to five years	33,742
Total undiscounted lease payments	$ 237,263

The future minimum lease payments under non-cancellable leases as of December 31, 2018 was as follows:

	December 31, 2018
Within five years	$ 49,897

(p) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	December 31, 2019	December 31, 2018
The present value of the defined benefit obligations	$ 615,154	607,256
Fair value of plan assets	(504,256)	(467,801)
The net defined benefit liability	$ 110,898	139,455

The Company established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, ministry of Labors. Minimum annual distributions of the funds by the Bureau shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $504,256 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labors.

2) Movements in present value of defined benefit obligation

The movements in present value of the Company's defined benefit obligation for the years ended December 31, 2019 and 2018 were as follows:

	2019	2018
Defined benefit obligation as of 1 January	$ 607,256	598,028
Current service costs and interest	12,664	14,742
Remeasurements of net defined benefit liability (asset)		
- Return on plan assets (excluding current interest expense)	16,393	21,429
- Due to changes in financial assumption of actuarial (losses) gains	20,478	12,848
Benefits paid by the plan	(41,637)	(39,791)
Defined benefit obligation as of 31 December	$ 615,154	607,256

3) Movements in fair value of plan assets

The movements in the fair value of the plan assets for the years ended December 31, 2019 and 2018 were as follows:

		2019	2018
Fair value of plan assets as of January 1	$	467,801	423,675
		5,111	5,668
Remeasurements of net defined benefit liability (asset)			
- Return on plan assets (excluding current interest expense)		16,393	12,423
Contributions made		56,588	65,827
Benefits paid by the plan		(41,637)	(39,791)
Fair value of plan assets as of December 31	$	504,256	467,802

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2019 and 2018 were as follows:

		2019	2018
Current service cost	$	6,009	6,710
Net interest on the defined benefit liability (asset)		1,544	2,365
	$	7,553	9,075

		2019	2018
Operating costs	$	4,573	5,555
Operating expenses		2,383	3,089
Other income and expenses		367	222
Other receivable		230	209
	$	7,553	9,075

5) Remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2019 and 2018, were as follows:

		2019	2018
Balance of January 1	$	200,311	178,457
Recognized during the period		20,478	21,854
Balance of December 31	$	220,789	200,311

6) Actuarial assumptions

The following are the Company's principal actuarial assumptions at the reporting dates:

	December 31, 2019	December 31, 2018
Discount rate	1.000%	1.125%
Future salary increases rate	1.500%	1.500%

The Company expects to make contributions of $61,731 thousand to the defined benefit plans in the next year starting from the reporting date of 2019.

The weighted average duration of the defined benefit plan is 10.65 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company uses judgments and estimations to determine the related actuarial assumptions, including discount rates, employee turnover rates and future salary changes, as of balance sheet date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2019 and 2018, the effects of the present value of the defined benefit obligation arising from changes in principle actuarial assumptions were as follows:

	Effects of defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2019		
Discount rate	$ (12,334)	12,751
Future salary increase rate	12,266	(11,932)
December 31, 2018		
Discount rate	(12,848)	13,291
Future salary increase rate	12,819	(12,450)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.
The method and assumptions used on current sensitivity analysis are the same as those of the prior year.

(ii) Defined contribution plans
The Company has made monthly contributions equal to 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 contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.
The Company's pension costs under the defined contribution plan were $26,262 thousand and $24,022 thousand for the years 2019 and 2018, respectively. Payments were made to the Bureau of Labor Insurance.

(iii) Short-term employee benefit liabilities

	December 31, 2019	December 31, 2018
Compensated absence liabilities	$ 27,730	25,658

(q) Income tax
(i) Income tax expenses (benefit)
The amount of the Company's income tax expenses (benefit) for the years ended December 31, 2019 and 2018, were as follows:

	2019	2018
Current income tax expense		
Current period	$ 18,735	-
Adjustment for prior periods	-	9,221
	18,735	9,221
Deferred tax expense		
Origination and reversal of temporary differences	156,975	67,833
Adjustment of tax rates	-	51,772
Change in unrecognized temporary differences	1,883	7,117
	158,858	126,722
Income tax expenses of continued operations	$ 177,593	135,943

Reconciliations of the Company's income tax expense (benefit) and the profit before tax for 2019 and 2018 were as follows:

		2019	2018
Income before tax	$	917,909	1,328,129
Income tax calculated on pretax accounting income at statutory rate	$	183,582	265,627
Adjustment of tax rates		-	51,772
Dividend income		(11,625)	(10,885)
Adjustment for prior periods		-	9,221
Domestic investment loss		-	(94,488)
Foreign investment income		-	(169,543)
Surtax on unappropriated earnings		7,105	-
R&D tax credits utilized		(9,000)	(7,900)
Current-year losses for which no deferred income tax asset was recognized		-	80,800
Change in unrecognized temporary differences		1,883	7,117
Income basic tax		7,147	-
Others		(1,499)	4,222
Total	$	177,593	135,943

(ii) Recognized deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

		December 31, 2019	December 31, 2018
Tax effect of deductible Temporary Differences	$	9,000	7,117
The carryforward of unused tax losses		60,276	80,800
	$	69,276	87,917

Under the income tax rate, tax losses can be carried forward for ten years to offset taxable income after permitted by domestic tax authority. Deferred income tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available, against which, the Company can utilize the benefits therefrom.

As of December 31, 2019, the amount of tax losses not yet recognized as deferred tax assets and their credit for the previous year is as follows:

Year		Amount	Year of expiration
2016	$	45,823	2026
2018		255,559	2028
	$	301,382	

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2019 and 2018 were as follows:

Deferred tax assets:

		Defined benefit plans	Allowance for inventory valuation	Loss carry-forward	Others	Total
Balance at January 1, 2019	$	23,520	18,671	8,626	20,337	71,154
Recognized in profit or loss		(9,789)	6,729	834	2,702	476
Balance at December 31, 2019	$	13,731	25,400	9,460	23,039	71,630
Balance at January 1, 2018	$	30,053	14,818	23,676	16,779	85,326
Recognized in profit or loss		(6,533)	3,853	(15,050)	3,558	(14,172)
Balance at December 31, 2018	$	23,520	18,671	8,626	20,337	71,154

Deferred tax liabilities:

	Foreign investment income accounted for under equity method	Capitalization of interest expense	Land value increment tax	Others	Total
Balance at January 1, 2019	$ 427,475	36,980	56,683	17,265	538,403
Recognized in profit or loss	159,213	(734)	-	855	159,334
Balance at December 31, 2019	$ 586,688	36,246	56,683	18,120	697,737
Balance at January 1, 2018	$ 324,654	31,963	56,683	12,553	425,853
Recognized in profit or loss	102,821	5,017	-	4,712	112,550
Balance at December 31, 2018	$ 427,475	36,980	56,683	17,265	538,403

(iii) Examination and approval

The tax returns of the Company have been examined by the tax authorities through 2016.

(r) Capital and other equity

(i) Capital

In accordance with the Company' s articles of incorporation amended on June 21, 2018, the capital share of the company amounted to $12,000,000 thousand, divided into 1,200,000,000 shares, at NT$10 per share.

In accordance with the original Company' s articles of incorporation, the capital share of the company amounted to $9,000,000 thousand, divided into 900,000,000 shares, at NT$10 per share.

As of December 31, 2019 and 2018, 825,709,978 shares of ordinary were issued.

(ii) Additional paid-in capital

The components of additional paid-in capital as of December 31, 2019 and 2018, were as follows:

	December 31, 2019	December 31, 2018
Share premium	$ 849	849
Over-aging unclaimed dividends	46,291	44,309
	$ 47,140	45,158

In accordance with the ROC Company Act, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

1) Legal reserve

The ROC Company Act stipulates that companies must retain 10% of their annual net earnings, as defined in the Act, until such retention equals the amount of issued share capital. When a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or cash. Only the portion of legal reserve which exceeds 25% of the issued share capital may be distributed. In accordance with Rule No. 10802432410 issued by Ministry of Economic Affairs, R.O.C on January 9, 2020, the Company has to apply the profit distribution based on its financial statement in 2019, wherein the Company shall use the amount of net profit after tax, plus, those net amounts other than the net profits, which are recognized as undistributed surplus earnings, as the basis for the legal reserve.

2) Special earnings reserve

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs endorsed by the FSC, unrealized revaluation gains recognized under shareholders' equity and cumulative translation adjustments (gains) were reclassified to retained earnings at the adoption date. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special earnings reserve during earnings distribution. However, when adjusted retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC are insufficient for the appropriation of a special earnings reserve at the transition date, the Company may appropriate a special earnings reserve up to the amount of increase in retained earnings. Upon the use, disposal, or reclassification of related assets, the Company may reverse the special earnings reserve proportionately. As a result of elections made according to IFRS 1, the Company has reclassified $(103,035) thousand to retained earnings and is not required to appropriate a special earnings reserve.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Distribution of retained earnings

In accordance with the Company' s articles of incorporation amended on June 21, 2018, the profit of annual account, if any, shall deduct the tax and make up the loss carried from previous years, then appropriate 10% as legal reserve fund. The rest shall be distributed or reserved as special reserve pursuant to the Securities and Exchange Act. The distributable earnings shall be the balance after considering the above facts and accounting requirement by the relevant law, if any, plus the unappropriated earnings from the previous period; With regard to distribution of surplus, it is proposed to distribute the available surplus.

With regard to the distribution of the dividends of the above-mentioned shareholders, their cash dividend must not be less than 20% of the total amount distributed.

In accordance with the original Company's articles of incorporation, the Company must retain 10% of its after-tax earnings as legal reserve (less deficits of prior years, if any) and then provide a special reserve. No less than 50% of distributable earnings shall be appropriated to shareholders.

If the dividends and bonuses mentioned above were to be distributed, distribution of cash dividends should not be less than 20% of total dividends, and the distribution of stock dividends should not be more than 80% of total dividends. If the dividends per share are less than $0.5 (dollars), part or all of the remaining earnings can be retained.

The appropriations of 2018 and 2017 earnings as dividends to stockholders that were approved by the Company's shareholders during their meetings on June 6, 2019, and June 21, 2018, respectively, were as follows:

	2018		2017	
	Amount per share (NT dollars)	Total amount	Amount per share (NT dollars)	Total amount
Dividends distributed to common shareholders:				
Cash	$ 0.98	809,195	0.96	792,682

On March 17, 2020, the Company's Board of Directors resolved to appropriate the 2019 earnings. These earnings were appropriated as follows:

	2019	
	Amount per share (NT dollars)	Total amount
Dividends distributed to common shareholders:		
Cash	$ 0.50	412,855

(iv) Other equities

	Foreign exchange differences arising from foreign	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2019	$ 465,589	801,805	(68,134)	1,199,260
Foreign exchange differences arising from foreign operation	(442,206)	-	-	(442,206)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	106,662	-	106,662
Disposal of investments in equity instruments at fair value through other comprehensive income	-	(197,373)	-	(197,373)
Share of other comprehensive income of associates and joint ventures accounted for under equity method, losses on effective portion of cash flow hedges	-	-	(12,392)	(12,392)
Balance as of December 31, 2019	$ 23,383	711,094	(80,526)	653,951

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	Foreign exchange differences arising from foreign	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2018	$ 512,008	593,961	11,721	1,117,690
Foreign exchange differences arising from foreign operation	(46,419)	-	-	(46,419)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	177,996	-	177,996
Disposal of investments in equity instruments at fair value through other comprehensive income	-	29,848	-	29,848
Share of other comprehensive income of associates and joint ventures accounted for under equity method, losses on effective portion of cash flow hedges	-	-	(79,855)	(79,855)
Balance as of December 31, 2018	$ 465,589	801,805	(68,134)	1,199,260

(s) Earnings per share

The calculation of the Company's basic earnings per share and diluted earnings per share for the years ended December 31, 2019 and 2018, were as follows:

(i) Basic earnings per share

	2019	2018
Net income attributable to common shareholders of the Company	$ 740,316	1,192,186
Weighted-average number of common shares	825,710	825,710
Basic earnings per share (in NT dollars)	$ 0.90	1.44

(ii) Diluted earnings per share

	2019	2018
Net income attributable to common shareholders of the Company (diluted)	$ 740,316	1,192,186
Weighted-average number of common shares (basic)	825,710	825,710
Impact of potential common shares		
Effect of employees' bonuses	2,686	2,683
Weighted-average number of shares outstanding (diluted)	828,396	828,393
Diluted earnings per share (in NT dollars)	$ 0.89	1.44

(t) Employees' compensation and directors' remuneration

In accordance with the Company's articles of incorporation, if there is profit for the year, the Company should contribute more than 1% of its profit as employees' compensation, and less than 1% as directors' remuneration. The related regulations on distribution of employees' compensation and directors' remuneration were approved by the board of directors.

For the years ended December 31, 2019 and 2018, the Company estimated its employees' compensation were $53,614 thousand and $64,290 thousand, respectively, and the estimated amounts of directors' remuneration were $9,813 thousand and $14,064 thousand, respectively. The estimated amounts mentioned above were according to the Company's articles of incorporation, and were recorded as operating cost or operating expenses in the respective periods. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2019 and 2018.

(u) Revenue from contracts with customers

	For the years ended December 31, 2019		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	$ 7,564,835	1,311,012	8,875,847
America	1,183,280	-	1,183,280
Europe	311,742	-	311,742
Others	486,076	-	486,076
	$ 9,545,933	1,311,012	10,856,945
Major product lines:			
Synthetic rubber / elastomers	$ 8,567,665	-	8,567,665
Applied materials	-	1,308,569	1,308,569
Others	978,268	2,443	980,711
	$ 9,545,933	1,311,012	10,856,945

	For the years ended December 31, 2018		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	$ 7,466,957	1,199,108	8,666,065
America	1,061,915	1,293	1,063,208
Europe	502,481	-	502,481
Others	602,714	52	602,766
	$ 9,634,067	1,200,453	10,834,520
Major product lines:			
Synthetic rubber / elastomers	$ 9,197,559	-	9,197,559
Applied materials	-	1,197,286	1,197,286
Others	436,508	3,167	439,675
	$ 9,634,067	1,200,453	10,834,520

(v) Other income and expenses

The components of the Company's other income and expenses for the years ended December 31, 2019 and 2018, were as follows:

	2019	2018
Rental income	$ 33,529	77,711
Royalty income	152,824	173,727
Net service income	6,954	3,570
Depreciation of investment properties	(14,725)	(14,726)
Net other income	(2,871)	(1,356)
Other income and expenses	$ 175,711	238,926

(w) Non-operating income and expenses

(i) Other gains

	2019	2018
Interest income	$ 8,887	7,485
Dividend income	63,426	66,470
Other gains	$ 72,313	73,955

(ii) Other gains and losses

The components of the Company's Other gains and losses for the years ended December 31, 2019 and 2018, were as follows:

	2019	2018
Foreign exchange gain, net	$ 20,588	12,218
Other loss	671	(1,167)
Other gains and losses, net	$ 21,259	11,051

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(iii) Finance costs

		2019	2018
Interest expense	$	101,610	81,035

(x) Reclassification of components of other comprehensive income

The changes in components of other comprehensive income were as follows:

		2019	2018
Effective portion of cash flow hedges:			
Net gains (losses) for current year	$	(14,112)	(86,325)
Less: Adjustment of reclassification included in profit or loss		(1,720)	(6,470)
Net gains (losses) recognized in other comprehensive income	$	(12,392)	(79,855)

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum credit risk exposure of the Company's financial assets is equal to their carrying amount. As of December 31, 2019 and 2018, the maximum credit risk exposure amounted to $2,611,947 thousand, $2,726,345 thousand, respectively.

2) Concentration of credit risk

The Company's cash and cash equivalents and accounts receivable are the main source of potential credit risk. The Company deposits its cash and cash equivalents in different financial institutions and has no concentration of credit risk on an individual customer. Therefore, the Company concluded that it is not exposed to credit risk.

The Company guarantees bank loans for investees. The Company concluded that it is not exposed to credit risk for these transactions.

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

		Contractual cash flows	Within 6 months
December 31, 2019			
Non derivative financial liabilities			
Short term borrowings	$	3,138,781	3,138,781
Accounts payable		866,363	866,363
Other payable		432,983	432,983
Long term borrowings (including other long term borrowings and current portion)		3,895,618	76,667
Lease liabilities		117,821	26,781
Deposits received		13,734	-
Financial guarantee contracts		3,737,296	646,130
Derivative financial liabilities			
Other swap contracts:			
Outflow		228	228
	$	12,202,824	5,187,933
December 31, 2018			
Non derivative financial liabilities			
Short term borrowings	$	2,358,154	2,358,154
Accounts payable		914,222	914,222
Other payable		393,266	393,266
Long term borrowings (including current portion)		4,448,523	452,040
Deposits received		16,873	-
Financial guarantee contracts		4,159,941	732,738
	$	12,290,979	4,850,420

6 12 months	1 2 years	2 5 years	Over 5 years
-	-	-	-
-	-	-	-
-	-	-	-
74,329	2,476,328	1,268,294	-
26,781	33,608	30,651	-
-	13,734	-	-
1,348,028	-	1,743,138	-
-	-	-	-
1,449,138	2,523,670	3,042,083	-
-	-	-	-
-	-	-	-
-	-	-	-
450,099	144,009	3,402,375	-
-	16,873	-	-
797,995	898,940	1,730,268	-
1,248,094	1,059,822	5,132,643	-

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Risk exposure

The Company's financial assets and financial liabilities exposed to significant currency risk were as follows:

		Foreign currency	Exchange rate	NTD
December 31, 2019				
Financial assets:				
Monetary assets:				
USD	$	29,434	30.1060	886,140
EUR	$	1,605	33.7488	54,167
JPY	$	6,329	0.2771	1,754
CNY	$	12,659	4.3231	54,726
Financial liabilities:				
Monetary liabilities:				
USD	$	33,097	30.1060	996,418
EUR	$	1,797	33.7488	60,647
JPY	$	829	0.2771	230
December 31, 2018				
Financial assets:				
Monetary assets:				
USD	$	29,687	30.7330	912,371
EUR	$	1,524	35.2047	53,652
JPY	$	11,446	0.2784	3,187
CNY	$	12,114	4.4742	54,200
Financial liabilities:				
Monetary liabilities:				
USD	$	31,887	30.7330	979,983
EUR	$	2,235	35.2047	78,683
JPY	$	3,694	0.2784	1,028

2) Sensitivity analysis

The Company's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, loans and borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the USD, EUR, CNY and JPY had appreciated / depreciated by 1% the Company's net income before tax would have increased/decreased by $605 thousand and $363 thousand for the years ended December 31, 2019 and 2018, respectively, with all other variable factors remaining constant. The analysis was performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

The amount, expressed in functional currency, of foreign exchange gain and loss (including realized and unrealized portion) of the Company's monetary items, and the exchange rate used to translate the original amount to the Company's functional currency, NTD (also the expressed currency), were as follows:

	2019		2018	
	Foreign exchange gain (loss)	Average exchange rate	Foreign exchange gain (loss)	Average exchange rate
NTD	$ 20,588	-	12,218	-

(iv) Interest rate risk analysis

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

The following sensitivity analysis is based at the risk exposure to interest rates of the non-derivative financial instruments on the reporting date. For floating-rate instruments, the sensitivity analysis assumes the floating-rate liabilities as of the reporting date are outstanding for the whole year.

If the interest rate had increased / decreased by 1%, the Company's net income before tax would have increased / decreased by $69,349 thousand and $66,543 thousand for the years ended December 31, 2019 and 2018, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at floating rates.

(v) Fair value

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Company's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the regulations.

	December 31, 2019				
		Fair value			
	Carryin-gamount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets for hedging	$ 14	-	14	-	14
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	115,200	115,200	-	-	115,200
Unlisted stocks (domestic and overseas)	817,237	-	-	817,237	817,237
Subtotal	932,437	115,200	-	817,237	932,437
Total	$ 932,451	115,200	14	817,237	932,451
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for hedging	$ 228	-	228	-	228
Financial liabilities measured at amortized cost					
Lease liabilities	113,562	-	-	-	-
Total	$ 113,790	-	228	-	228

	December 31, 2018				
		Fair value			
	Carryin-gamount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	$ 305,631	305,631	-	-	305,631
Unlisted stocks (domestic and overseas)	790,064	-	-	790,064	790,064
Total	$ 1,095,695	305,631	-	790,064	1,095,695

2) Valuation techniques and assumptions used in fair value determination

If the financial instruments held by the Company have the quoted market price in active market, the fair value of the assets is based on the quoted market price. However, if the instruments have no quoted market price in active market, the Company uses market comparison approach to evaluate the fair value. The main assumption is based on the investee's earnings after tax and the listed (over the counter) company's earnings used in computing the market price. The estimated price has been discounted due to the price of the securities lacks the liquidity. Forward Exchange Contracts are normally priced based on the exchange rates provided by the World Agencies.

3) Reconciliation of Level 3 fair values

		Unquoted equity instruments
Balance at January 1, 2019	$	790,064
Total gains recognized:		
In other comprehensive income (loss)		27,173
Balance at December 31, 2019	$	817,237
Balance at January 1, 2018	$	701,338
Total losses recognized:		
In other comprehensive income (loss)		88,726
Balance at December 31, 2018	$	790,064

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	• Multipliers of price-to-earnings ratios as of December 31, 2019 and 2018 were 15.79~17.41 and 13.20~17.32, respectively • Multipliers of equity ratios as of December 31, 2019 was 1.17, respectively • Market illiquidity discount rate as of December 31, 2019 and 2018 was both 20%	The estimated fair value would increase (decrease) if • the multiplier was higher (lower) • the market illiquidity discount was lower (higher)

5) Fair value measurements in Level 3 - sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			Other comprehensive income	
	Input	Assumptions	Favourable	Unfavourable
December 31, 2019				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	$ 10,243	(10,243)
December 31, 2018				
Available-for-sale financial assets				
Equity investments without an active market	Liquidity discount at 20%	1%	9,878	(9,878)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(z) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

1) Credit risk
2) Liquidity risk
3) Market risk

This note discloses information about the Company's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

(ii) Risk management framework

The Company's finance department is responsible for the establishment and management of the Company's risk management framework and policies. It is overseen by and reports to management, the Audit Committee, and the Board of Directors regarding the framework's operations.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

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, and arises principally from the Company's receivables from customers and investment securities.

1) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. In 2019 and 2018, there was no geographical concentration of credit risk regarding the Company's revenue.

The sales department and the finance department of the Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes the history of transactions with the counter-party, its financial position, and geographic considerations. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Goods are sold subject to a retention of title clause so that in the event of non-payment, the Company may have a secured claim. The Company otherwise does not require collateral in respect of trade and other receivables.

The Company has established an allowance for doubtful accounts to reflect its actual and estimated potential losses resulting from uncollectible accounts and trade receivables. The allowance for doubtful accounts consists primarily of specific losses regarding individual customers and estimates of potential losses based on the use of lifetime expected credit loss provision.

2) Investments

The credit risk exposure in the bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since those who transact with the Company are banks and other external parties with good credit standing, financial institutions with a credit rating above investment grade, and government agencies, there are no non-compliance issues. With regard to investment in a financial institution with a credit rating above investment grade, an investment limit is set according to the long-term credit rating. Hence, there is no significant credit risk.

3) Guarantees

The Company's policy allows it to provide financial guarantees to business partners or to related parties and jointly controlled entities according to its percentage ownership in these entities. Financial guarantees provided to subsidiaries, associates, and jointly controlled entities by the Company as of December 31, 2019 and 2018, are disclosed in note 7 "Related-party Transactions."

The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(iv) 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 also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices 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.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Company. The currencies used in these transactions are EUR, USD, JPY and CNY.

Foreign exchange gains and losses resulting from account and trade receivables held by the Company in a currency other than the respective functional currencies are used to offset foreign exchange gains and losses resulting from short-term loans denominated in a foreign currency. Hence, the Company's risk exposure to foreign exchange risk is reduced.

Interest expenses are denominated in the same currency as that of the principal. Generally, the currency of loans matches that of the Company's operating cash flow, primarily NTD, USD, EUR and JPY.

With regard to monetary assets and liabilities denominated in a foreign currency, when a short-term risk exposure exists, the Company relies on immediate foreign exchange transactions to ensure the net exposure to foreign exchange risk is maintained at an acceptable level.

The Company does not hedge against investments in subsidiaries.

2) Interest rate risk

The interest rates of the Company's long-term and short-term borrowings are floating. Hence, changes in market conditions will cause fluctuations in the effective interest rate of the aforementioned loans. The Company's finance department monitors and measures potential changes in market conditions, entering into interest rate swaps to achieve a fixed interest rate on the Company's loans.

3) Other market price risk

The Company does not enter into any commodity contracts other than to meet the Company's expected usage and sales requirements; such contracts are not settled on a net basis.

(aa) Capital management

The Company goal of capital management is to ensure the Company's continuing operating capacity, and to continuously provide remuneration to the shareholders and benefits to other equity holders. To ensure that the above-mentioned goal is achieved, the Company's management reviews its capital structure periodically. In consideration of the overall economic situation, financing cost and sufficiency of cash in-flows generated by operating activities, the Company will adjust its capital structure by paying dividends, issuing new stock, purchasing treasury stock, increasing or decreasing loans, and issuing or purchasing bonds.

The Company's capital structure at the end of the reporting period were as follows:

	December 31, 2019	December 31, 2018
Total liabilities	$ 9,415,954	8,992,830
Total equity	14,875,692	15,311,003
Total assets	$ 24,291,646	24,303,833
Debts ratio	39%	37%

As of December 31, 2019, there were no material changes in the Company's debts ratio.

(ab) Investing and financing activities not affecting current cash flow

The Company did not have any non-cash flow transactions on investing and financing activities for the years ended December 31, 2019 and 2018.

(ac) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2019 and 2018 were as follows:

	January 1, 2019	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Amortization of commercial paper discount	Non-cash changes: Others	December 31, 2019
Long-term borrowings (including current portion)	$ 3,800,000	(350,000)	-	-	-	3,450,000
Other long-term borrowings	499,693	(155,663)	-	5,257	-	349,287
Short-term borrowings	2,354,568	792,588	(11,593)	-	-	3,135,563
Lease liabilities	170,046	(59,344)	-	2,195	665	113,562
Total liabilities from financing activities	$ 6,824,307	227,581	(11,593)	7,452	665	7,048,412

	January 1, 2018	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Amortization of commercial paper discount	December 31, 2018
Long-term borrowings (including current portion)	$ 1,600,000	2,200,000	-	-	3,800,000
Other long-term borrowings	-	494,940	-	4,753	499,693
Short-term borrowings	3,809,306	(1,681,444)	226,706	-	2,354,568
Short-term commercial paper payable	349,975	(350,477)	-	502	-
Total liabilities from financing activities	$ 5,759,281	663,019	226,706	5,255	6,654,261

<7> Related-party Transactions

(a) Parent company and ultimate controlling party

Montrion Corporation is the ultimate controlling party of the Company, which indirectly holds 14.14% of the company's outstanding common shares through Han-De Construction Co., Ltd. and Wei-Dar Development Co., Ltd. and controls more than half of board of directors members.

(b) Names and relationship with related parties

In this financial report, the related parties having transactions with the Company and subsidiaries were listed as below:

Name of related party	Relationship with the Group
Trimurti Holding Corporation	The subsidiary of the Company
Hardison International Corporation	〃
Dymas Corporation	〃
TSRC (Hong Kong) Limited	〃
TSRC (Shanghai) Industries Ltd.	〃
TSRC (Lux.) Corporation S.'a r.l.	〃
TSRC (USA) Investment Corporation	〃
Dexco Polymers L.P.	The subsidiary of the Company
Polybus Corporation Pte Ltd.	〃
Shen Hua Chemical Industries Co., Ltd.	〃
TSRC-UBE (Nantong) Industries Co., Ltd.	〃
TSRC (Nantong) Industries Ltd.	〃

Name of related party	Relationship with the Group
Triton International Holdings Corporation	〃
TSRC (Vietnam) Co., Ltd.	〃
TSRC Biotech Ltd.	The subsidiary (Its has been completed its dissolution procedure in June 2018)
Indian Synthetic Rubber Private Limited	The subsidiary recognized joint venture under equity method (reclassified from associate to joint venture since April 2018)
Metropolis Property Management Corporation	Other related parties of the Company
Continental Engineering Corporation	〃
WFV Corporation	〃
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	The subsidiary recognized associates under equity method
Asia Pacific Energy Development Co., Ltd.	〃
Taiwan Advanced Material Corp.	The Company recognized joint venture under equity method (Its has been liquidated in December, 2018)
Nantong Qix Storage Co., Ltd.	The subsidiary recognized joint venture under equity method

(c) Significant transactions with related parties

(i) Revenue

The amounts of sales transactions with related parties were as follows:

	2019	2018
Subsidiaries	$ 560,430	349,143

There were no significant differences between the pricing of sales transactions with related parties and that with other customers. The payment terms ranged from two to three months, which were similar to those given to other customers.

(ii) Purchases

The amounts of purchase transactions with related parties were as follows:

	2019	2018
Subsidiaries	$ 29,233	18,596

There were no significant differences between the pricing of purchase transactions with related parties and that with other suppliers. The payment terms ranged from one to two months, which were similar to other suppliers.

(iii) Service income and expenses

1) The Company provided warehouse, management, technologies and IT services to its subsidiaries, associates, and joint ventures. The amounts recognized as other income and expenses were as follows:

	2019	2018
Subsidiaries		
TSRC (Nantong) Industries Ltd.	$ 62,975	59,859
Other subsidiaries	46,403	36,861
Associates		
Indian Synthetic Rubber Private Limited	-	15,197
Other associates	12,678	15,560
Joint ventures		
Indian Synthetic Rubber Private Limited	53,466	47,455
	$ 175,522	174,932

2) The Company received consulting services such as marketing, research environmental, security and agency

services from its subsidiaries and other related parties. For the years ended December 31, 2019 and 2018, the services amounted to $71,280 thousand and $65,537 thousand, respectively, and were recorded under operating expenses.

(iv) Leases - Rent income

	2019	2018
Others	$ 4,445	4,439

The amount of rent is in reference to neighboring rent, and the rental is collected monthly from other relative parties.

(v) Receivable from related parties

The details of the Company's receivable from related parties were as follows:

Account	Type of related parties	December 31, 2019	December 31, 2018
	Subsidiaries		
Accounts receivable - related parties	TSRC (Nantong) Industries Ltd.	$ 17,362	7,434
Accounts receivable - related parties	TSRC (Lux.) Corporation S.'a.r.l.	34,574	17,076
Accounts receivable - related parties	Dexco Polymers L.P.	55,015	30,231
Accounts receivable - related parties	Other subsidiaries	7,520	4,041
		114,471	58,782
	Subsidiaries		
Other receivable	TSRC (Nantong) Industries Ltd.	107,146	78,893
Other receivable	Other subsidiaries	22,207	9,540
	Associates		
Other receivable	Other associates	10,693	12,187
	Joint ventures		
Other receivable	Indian Synthetic Rubber Private Limited	17,541	20,814
		157,587	121,434
		$ 272,058	180,216

(vi) Payable to related parties

As the result of the aforementioned transactions, the details of the Company's payable to related parties were as follows:

Account	Type of related parties	December 31, 2019	December 31, 2018
Accounts payable	Subsidiaries	$ 2,868	4,340
	Subsidiaries		
Other payable	TSRC (Nantong) Industries Ltd.	62,354	21,893
Other payable	Other subsidiaries	29,757	18,843
Other payable	Other related parties	55	-
		92,166	40,736
		$ 95,034	45,076

(vii) Guarantees

The credit limits of the guarantees the Company had provided on the bank loans of related parties were as follows:

	December 31, 2019	December 31, 2018
Subsidiaries		
TSRC (Vietnam) Co., Ltd.	$ 439,548	399,529
TSRC (USA) Investment Corporation	451,590	460,995
Dexco Polymers L.P.	301,060	307,330
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	1,113,557	1,530,733
Joint ventures		
Indian Synthetic Rubber Private Limited	1,431,541	1,461,354
	$ 3,737,296	4,159,941

Accordingly, the amounts of the Company recognized provision liabilities and the investment accounted for under the equity method were as follows:

	December 31, 2019	December 31, 2018
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$ 4,080	4,428
Joint ventures		
Indian Synthetic Rubber Private Limited	15,147	24,761
	$ 19,227	29,189

(d) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	2019	2018
Short-term employee benefits	$ 89,439	88,668
Post-employment benefits	596	563
	$ 90,035	89,231

<8> Pledged Assets: None.

<9> Commitments and Contingencies

(a) As of December 31, 2019 and 2018, the Company's unused letters of credit outstanding for purchases of materials were $842,720 thousand and $1,505,674 thousand, respectively.

(b) As of December 31, 2019 and 2018, the Company's signed construction and design contracts with several factories totaled $48,700 thousand and $17,300 thousand, respectively, of which $37,340 thousand and $13,840 thousand, respectively, were paid.

<10> Losses Due to Major Disasters: None.

<11> Subsequent Events

The Company intended to purchase the lease contract for leasing a parcel of land form the Industrial Development Bureau of the Ministry of Economic Affairs, on March 10, 2020. According to the contract, the Company paid $140,042 thousand after deducting the paid rent and deposit amount of $102,676 thousand; until March 17, 2020, the registration of property rights transfer is still being processed.

<12> Others

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

By function / By nature	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	428,976	341,094	770,070	389,679	337,180	726,859
Labor and health insurance	34,490	25,852	60,342	31,451	24,362	55,813
Pension (note 1)	17,874	14,059	31,933	17,600	14,039	31,639
Directors' remuneration	-	22,879	22,879	-	40,402	40,402
Others (note 2)	44,629	53,359	97,988	63,509	50,614	114,123
Depreciation (note 3)	227,386	64,940	292,326	219,629	40,558	260,187
Amortization	5,486	19,213	24,699	6,053	21,070	27,123

Note1 : Pension expenses excluded expenses for employees on international assignments amounting to $1,882 thousand and $1,458 thousand for the years ended December 31, 2019 and 2018, respectively.

Note2 : Others personnel expenses included meals, employee welfare, training expenses, employees' bonus, and directors' remuneration.

Note3 : Depreciation expenses for investment property recognized under other income and expenses, amounting to $14,725 thousand and $14,726 thousand for the years 2019 and 2018 were excluded.

The Company's number of employees for the years ended December 31, 2019 and 2018 and additional information on employee benefits are as follows :

	2019	2018
Number of employees	700	682
Number of directors who were not employees	8	8
The average employee benefit	$ 1,388	1,377
The average salaries and wages	$ 1,113	1,078
The average of employee salary cost adjustment as follows	3%	

<13> Other Disclosures

(a) 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:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance
1	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	Loan	Yes	189,144	185,893

Note 1: The loan limit extended per party of TSRC (Shanghai) Industries Ltd. should not be over 10% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the loan limit extended per party should not be over 50% of the total equity of the most recent financial statements audited or reviewed by a CPA.

Note 2: The maximum loan extended to all parties of TSRC (Shanghai) Industries Ltd. should not be over 40% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the total loan limit should not be over 100% of total equity of the most recent financial statements audited or reviewed by a CPA .

Note 3: TSRC (Shanghai) Industries Ltd., and TSRC (Nantong) Industries Ltd. are 100% owned by TSRC.

Note 4: Credit period: The financing period should not be over one year.

Note 5: Nature of financing activities is as follows:
(1) if there are transactions between these two parties, the number is "1".
(2) if it is necessary to loan to other parties, the number is "2".

(ii) Guarantees and endorsements for other parties:

No.	Name of Company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements
		Name	Relationship with the Company			
0	TSRC	TSRC (USA) Investment Corporation	4	(Note 2)	474,180	451,590
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	1,557,702	1,113,557
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	1,503,151	1,431,541
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	458,586	439,548
0	TSRC	Dexco Polymers L.P.	4	(Note 2)	316,120	301,060

Note 1: The guarantee's relationship with the guarantor is as follows:
(1) A company with which it does business.
(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The guaranteed amount is limited to fifty percent of issued capital, amounting to $7,437,846 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to $22,313,538 thousand.

(iii) Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures):

(i)

Unit: thousand NTD

Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers (Note 5)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing Company	Maximum financing limit for the lender
						Item	Value		
185,893	3.915%	2	-	Operating capital	-		-	245,514 (Note1)	491,027 (Note2)

Unit: thousand NTD

Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement /guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of Company in Mainland China
353,746	-	3.04%	(Note 3)	Y		
276,544	-	7.49%	(Note 3)			Y
1,217,035	-	9.62%	(Note 3)			
391,378	-	2.95%	(Note 3)	Y		
245,996	-	2.02%	(Note 3)	Y		

Name of holder	Nature and name of security	Relationship with the security issuer	Account name
TSRC	Taiwan High Speed Rail Corporation	-	Available-for-sale financial assets - non-current
TSRC	Evergreen Steel Corporation	-	Available-for-sale financial assets - non-current
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Available-for-sale financial assets - non-current
TSRC	Hsin-Yung Enterprise Corporation	-	Available-for-sale financial assets - non-current
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Available-for-sale financial assets - non-current

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

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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of Company	Counter-party	Relationship
TSRC (Lux.) Corporation S.'a r.l.	TSRC	Related parties
TSRC	TSRC (Lux.) Corporation S.'a r.l.	Related parties
Shen Hua Chemical Industries Co., Ltd.	Marubeni Corporation	A director of Shen Hua Chemical Industries Co., Ltd.
Dexco Polymers L.P.	TSRC	Related parties
TSRC	Dexco Polymers L.P.	Related parties
TSRC-UBE (Nantong) Industries Ltd.	Marubeni Corporation	A director of TSRC UBE (Nantong) Industries Ltd.
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	Related parties
TSRC (Lux.) Corporation S.'a r.l.	Dexco Polymers L.P.	Related parties
Dexco Polymers L.P.	TSRC (Lux.) Corporation S.'a r.l.	Related parties
TSRC (Lux.) Corporation S.'a r.l.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a.r.l.	Related parties

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.à r.l.	Related parties	234,516

Note 1: Until March 17, 2020.

(ix) Trading in derivative instruments: Please refer to note 6(b).

Unit: thousand NTD

Ending balance				Remarks
Number of shares	Book value	Holding percentage	Market value	
3,000,000	115,200	0.05%	115,200	
12,148,000	349,984	3.00%	349,984	
599,999	147,180	5.42%	147,180	
5,657,000	320,073	3.90%	320,073	
837,552	205,451	7.57%	205,451	
	1,137,888		1,137,888	

Unit: thousand NTD

Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Purchase	202,417	7.84%	70 days	-		(34,574)	(9.97)%	
Sale	(202,417)	(1.86)%	70 days	-		34,574	3.24%	
Purchase	190,379	3.34%	14 days	-		(45,243)	(7.02)%	
Purchase	208,268	8.43%	70 days	-		(55,015)	(13.69)%	
Sale	(208,268)	(1.92)%	70 days	-		55,015	5.15%	
Purchase	178,962	8.02%	14 days	-		(14,175)	(4.49)%	
Purchase	264,908	84.85%	40 days	-		(19,747)	(50.39)%	
Sale	(264,908)	(5.92)%	40 days	-		19,747	3.75%	
Purchase	859,445	33.30%	90 days	-		(82,025)	(23.65)%	
Sale	(859,445)	(21.19)%	90 days	-		82,025	20.42%	
Purchase	1,518,361	58.82%	70 days	-		(234,516)	(67.62)%	
Sale	(1,518,361)	(33.92)%	70 days	-		234,516	44.51%	

Unit: thousand NTD

Turnover rate	Overdue amount		Amounts received in subsequent period (Note 1)	Allowances for bad debts
	Amount	Action taken		
6.09	-		128,079	-

(b) Information on investees:
The following is the information on investees for the year 2019 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business
TSRC	Trimurti Holding Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	Hardison International Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	Dymas Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	TSRC (Vietnam) Co., Ltd.	8 VSIP II-A Street 31, Vietnam Singapore Industrial Park II A, Tan Uyen Town, Binh Duong Province, Vietnam	Production and sale of TPE
Trimurti Holding Corporation	Polybus Corporation Pte Ltd.	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F BOC Group Life Assurance Tower 136 Des Voeux Road Central	Investment corporation
Trimurti Holding Corporation	Indian Synthetic Rubber Private Limited	Room No.702, Indian Oil Bhawan, 1 Sri Aurobindo Marg, Yusuf Sarai, New Delhi 110016, India	Production and sale of synthetic rubber products
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.'a r.l.	39-43 avenue de la Liberte L-1931 Luxembourg	International commerce and investment corporation
TSRC (Lux.) Corporation S.'a r.l.	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, Country of New Castle, Wilmington, Delaware. ,19808.	Investment corporation
TSRC (USA) Investment Corporation	Dexco Polymers L.P.	12012 Wickchester Lane, Suite 280, Houston, TX77079	Production and sale of TPE
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design

Note1 : Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.106; EUR1 to NTD33.7488).
Note2 : TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation.

(c) Information on investment in Mainland China:
(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2019
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,240,969 (USD41,220)	(2)a.	-
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	695,449 (USD23,100)	(2)c.	115,366 (USD3,832)
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	165,583 (USD5,500)	(2)b.	118,015 (USD3,920)
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	90,318 (USD3,000)	(2)d.	45,159 (USD1,500)
TSRC-UBE (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	1,204,240 (USD40,000)	(2)a.	30,106 (USD1,000)
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,164,893 (USD105,125)	(2)a.	200,145 (USD6,648)
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,348,749 (USD44,800)	(2)a.	-

Note1: The method of investment is divided into the following four categories:
(1)Remittance from third-region companies to invest in Mainland China.
(2)Through the establishment of third-region companies then investing in Mainland China.
a. Through the establishment of Polybus Corporation Pte. Ltd. then investing in Mainland China.
b. Through the establishment of TSRC (Hong Kong) Limited then investing in Mainland China.
c. Through the establishment of Asia Pacific Energy Development Co., Ltd. then investing in Mainland China.
d. Through the establishment of Triton International Holdings Corporation then investing in Mainland China.

Unit: thousand NTD/thousand USD/thousand EUR

Original cost		Ending balance			Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2019	December 31, 2018	Shares	Percentage of ownership	Book value			
1,005,495	1,005,495	86,920,000	100.00%	13,358,067	716,150	716,150	Subsidiary
109,442	109,442	3,896,305	100.00%	927,087	85,956	85,956	Subsidiary
38,376	38,376	1,161,004	19.48%	189,652	97,870	19,065	Subsidiary (note 2)
278,280	278,820	-	100.00%	244,355	(25,105)	(25,105)	Subsidiary
1,959,931 (USD65,101)	1,959,931 (USD65,101)	105,830,000	100.00%	7,249,603	654,489	654,489	Indirectly owned subsidiary
2,343,752 (USD77,850)	2,343,752 (USD77,850)	77,850,000	100.00%	3,151,241	(9,184)	(9,184)	Indirectly owned subsidiary
887,314 (USD29,473)	887,314 (USD29,473)	222,861,375	50.00%	396,539	148,699	74,350	-
1,714,439 (EUR50,800)	1,714,439 (EUR50,800)	50,800,000	100.00%	2,548,506	(86,545)	(86,545)	Indirectly owned subsidiary
2,108,925 (USD70,050)	2,108,925 (USD70,050)	100	100.00%	2,490,167	(76,335)	(76,335)	Indirectly owned subsidiary
5,798,927 (USD192,617)	5,798,927 (USD192,617)	-	100.00%	1,520,826	115,183	115,183	Indirectly owned subsidiary
1,505 (USD50)	1,505 (USD50)	50,000	100.00%	119,631	7,211	7,211	Indirectly owned subsidiary
144,479 (USD4,799)	144,479 (USD4,799)	4,798,566	80.52%	805,234	97,870	78,805	Indirectly owned subsidiary
339,746 (USD11,285)	339,746 (USD11,285)	7,522,337	37.78%	404,508	218,853	82,683	-

Unit: thousand NTD/thousand USD

Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2019	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
Remittance amount	Repatriation amount						
-	-	-	142,721	65.44%	93,396 (note 2)	1,769,841	4,379,389
-	-	115,366 (USD3,832)	324,781	28.34%	92,043 (note 3)	389,012	-
-	-	118,015 (USD3,920)	81,606	100.00%	81,606 (note 2)	491,027	-
-	-	45,159 (USD1,500)	15,056	50.00%	7,528 (note 2)	66,433	-
-	-	30,106 (USD1,000)	61,066	55.00%	33,586 (note 2)	795,943	-
-	-	200,145 (USD6,648)	496,578	100.00%	496,578 (note 2)	4,335,549	-
-	-	-	39,130	50.00%	19,565 (note 3)	231,111	-

(3)Through transferring the investment to third-region existing companies then investing in Mainland China.

(4)Other methods: EX: delegated investments.

Note2: The investment income (losses) were recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note3: The investment income (losses) were recognized under the equity method and based on the financial statements audited by international accounting firms.

Note4: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.106).

(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD

Accumulated investment amount in Mainland China as of December 31, 2019	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
508,791 (USD16,900)	5,639,908 (USD187,335) (Note 2)	- (Note 1)

Note1 : In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China" amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau, Ministry of Economic Affairs, on August 23, 2018. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from August 20, 2018 to August 19, 2021.

Note2 : This amount includes capital increase out of earnings, approved by the Investment Commission, MOEA.

Note3 : Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.106)..

(iii) Significant transactions:

1) Sales and accounts receivable

Sales to related parties in Mainland China are summarized as follows:

	2019
TSRC (Shanghai) Industries Ltd.	$ 7,356
TSRC (Nantong) Industries Ltd.	72,269
Shen Hua Chemical Industries Co., Ltd.	780
	$ 80,405

The related accounts receivable resulting from the above transactions as of December 31, 2019 as follows:

	December 31, 2019
TSRC (Shanghai) Industries Ltd.	$ 1,461
TSRC (Nantong) Industries Ltd.	17,362
	$ 18,823

There were no significant differences between the pricing of sales transactions with related parties and that with other customers. The payment terms ranged from two to three months, which were similar to those given to other customers.

2) Purchases and accounts payable

Purchase from related parties in Mainland China are summarized as follows:

	2019
TSRC (Nantong) Industries Ltd.	$ 11,958
TSRC UBE (Nantong) Industries Ltd.	7,635
	$ 19,593

The related accounts payable resulting from the above transactions as of December 31, 2019 as follows:

	December 31, 2019
TSRC (Nantong) Industries Ltd.	$ 2,868

There were no significant differences between the pricing of purchases transactions with related parties and that with other customers. The payment terms ranged from one to two months, which were similar to other suppliers.

3) Service income

Nature	Name	Service income in 2018	Accounts receivable as of December 31, 2018
Management and technology services	Shen Hua Chemical Industries Co., Ltd.	$ 4,542	570
Management and technology services & technology licensing	TSRC (Nantong) Industries Ltd.	62,975	68,755
Management and technology services	TSRC-UBE (Nantong) Industries Ltd.	3,206	-
Management and technology services	TSRC (Shanghai) Industries Ltd.	8,883	2,235
Management and technology services & technology licensing	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	12,678	10,693
		$ 92,284	82,253

4) Guarantees

As of December 31, 2019, guarantees provided by the Company for the bank loans of investees in Mainland China was as follows:

	2019
ARLANXEO-TSRC (Nantong) Chemical Industrial Co., Ltd.	$ 1,113,557

<14> Segment Information

Please refer to the year 2019 consolidated financial statements.

TSRC Corporation

Chairman:Nita Ing