Stock Code:2103

TSRC CORPORATION
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: **No. 2, Singgong Rd., Dashe Dist., Kaohsiung City**
Telephone: **(07)351-3811**

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

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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, 2020 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 11, 2021

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Independent Auditors' Report

To the Board of Directors of TSRC Corporation:

Opinion

We have audited the consolidated financial statements of TSRC Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended 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"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect 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, 2020 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. Furthermore, 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. 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.

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, 2020. 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(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 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 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(a), 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.

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3. Impairment of intangible assets

   Refer to note 4(o), note5(b), and note6(k) disclosures related to the impairment of intangible assets

   Description of key audit matter:

   According to the government regulations, intangible assets including goodwill and other intangible assets arising from past acquisition of subsidiaries, are subject to impairment test annually or at the time there are indications that goodwill and other intangible asset may have been impaired. Also, the impairment assessment is measured using the future cash flow of present discount value. Because the impairment assessment involved significant uncertainty and management's judgment, we consider it as the key audit matter.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, we have performed certain audit procedures including, among others, assessing the basis used by management for identifying the cash generating units and evaluating the judgement made by the management in measuring the recoverable amount and the historical reasonableness of the management's estimates on business forecasts; verifying the key assumptions used by management to formulate future cash flow forecasts and calculate the recoverable amount; as well as performing a sensitivity analysis of key assumptions, and reviewing whether the relevant information has been properly disclosed.

Other Matter

TSRC Corporation has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified 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 the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs,IFRC,SIC endorsed and issueed into effect 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 (including the Audit Committee) 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards 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. Identify 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 auditors' report are Ming-Hung Huang and Lin Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2021

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 3,278,463	12	4,695,280	14
1110	Current financial assets at fair value through profit or loss (note 6(b))	3,460	-	14	-
1150	Notes receivable, net (note 6(d))	571,220	2	866,347	3
1170	Accounts receivable, net (notes 6(d))	2,802,351	10	2,759,617	8
1200	Other receivables (notes 6(e) and 7)	146,171	-	136,351	-
1220	Current income tax assets	12,151	-	80	-
130x	Inventories (note 6(f))	4,772,464	16	6,414,679	20
1479	Other current assets	851,356	3	493,550	2
	Total current assets	12,437,636	43	15,365,918	47
	Non-current assets:				
1518	Non-current financial assets at fair value through other comprehensive income (note 6(c))	952,645	4	1,137,888	4
1550	Investments accounted for under equity method (notes 6(g) and 7)	1,303,787	4	1,098,591	3
1600	Property, plant and equipment (notes 6(h), 6(j), 8 and 9)	10,516,517	36	10,037,395	31
1755	Right-of-use assets (note 6(i))	1,022,972	3	1,331,571	4
1760	Investment property (note 6(j), 6(o))	1,566,873	5	1,581,599	5
1780	Intangible assets (note 6(k))	1,012,405	3	1,669,885	5
1840	Deferred income tax assets (note6(q))	288,429	1	220,439	1
1900	Other non-current assets (note 8)	167,118	1	71,637	-
	Total non-current assets	16,830,746	57	17,149,005	53
	Total assets	$ 29,268,382	100	32,514,923	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(l))	$ 3,789,276	13	4,729,148	15
2322	Current portion of long-term borrowings (notes 6(l) and 8)	2,784,129	10	287,235	1
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	32,628	-	5,672	-
2170	Accounts payable	1,643,264	6	2,392,346	7
2180	Accounts payable－related parties (note 7)	-	-	59,418	-
2230	Current income tax liabilities	172,787	1	121,726	-
2219	Other payables (notes 6(m), 6(p), 6(t) and 7)	1,204,135	4	1,309,810	4
2280	Current lease liabilities (note 6(n))	139,263	-	175,942	-
2399	Other current liabilities	128,285	-	219,238	1
	Total current liabilities	9,893,767	34	9,300,535	28
	Non-Current liabilities:				
2541	Long-term bank borrowings (notes 6(l) and 8)	1,679,735	5	4,672,705	15
2542	Other long-term borrowings (note 6(l))	349,341	1	349,287	1
2550	Non-current provision liabilities (note 7)	31,819	-	19,227	-
2570	Deferred income tax liabilities (note 6(q))	807,700	3	855,481	3
2580	Non-current lease liabilities (note 6(n))	492,827	2	685,689	2
2600	Other non-current liabilities (notes 6(l), 6(p))	154,534	1	179,276	1
	Total non-current liabilities	3,515,956	12	6,761,665	22
	Total liabilities	13,409,723	46	16,062,200	50
	Equity attributable to shareholders of the Company (notes 6(c), 6(p), 6(r) and 6(x)):				
3100	Common stock	8,257,099	28	8,257,099	25
3200	Capital surplus	49,531	-	47,140	-
	Retained earnings:				
3310	Legal reserve	4,068,862	14	3,977,141	12
3350	Unappropriated earnings	1,483,970	5	1,940,361	6
		5,552,832	19	5,917,502	18
	Other equity:				
3410	Financial statement translation differences for foreign operations	(198,125)	(1)	23,383	-
3420	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	558,902	2	711,094	2
3450	Gains or losses on hedging instrument	(81,119)	-	(80,526)	-
		279,658	1	653,951	2
	Total equity attributable to shareholders of the Company	14,139,120	48	14,875,692	45
36xx	**Non-controlling interests**	1,719,539	6	1,577,031	5
	Total equity	15,858,659	54	16,452,723	50
	Total liabilities and equity	$ 29,268,382	100	32,514,923	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	**Revenue (notes 6(u) and 7)**	$ 24,024,443	100	28,910,723	100
5000	**Operating costs (notes 6(f), 6(h), 6(i), 6(k), 6(m), 6(n), 6(p), 6(t) and 7)**	21,087,174	88	25,533,439	88
5910	**Gross profit**	2,937,269	12	3,377,284	12
6000	**Operating expenses (notes 6(d), 6(h), 6(i),6(k), 6(n), 6(p), 6(t) and 7):**				
6100	Selling expenses	949,953	4	976,947	3
6200	General and administrative expenses	1,000,809	4	1,094,304	4
6300	Research and development expenses	350,678	2	389,840	1
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(3,627)	-	(1,193)	-
	Total operating expenses	2,297,813	10	2,459,898	8
6500	**Other income and expenses, net (notes 6(j), 6(o), 6(p), 6(v) and 7)**	182,859	1	167,475	-
6900	**Operating profit**	822,315	3	1,084,861	4
	Non-operating income and expenses (notes 6(g), 6(k), 6(n), 6(w) and 7):				
7100	Interest income	46,923	-	91,875	-
7010	Other income	62,290	-	69,992	-
7020	Other gains and losses	(588,796)	(2)	12,334	-
7050	Finance costs	(123,569)	-	(188,550)	-
7370	Share of gain (loss) of associates and joint ventures accounted for under equity method	301,508	1	184,126	-
	Total non-operating income and expenses	(301,644)	(1)	169,777	-
7900	**Net income before tax**	520,671	2	1,254,638	4
7950	**Less: tax expenses (note 6(q))**	305,410	1	437,518	1
	Net income	215,261	1	817,120	3
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	(14,247)	-	(20,478)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(67,869)	-	106,662	-
8349	Less: 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	(82,116)	-	86,184	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(247,989)	(1)	(499,164)	(2)
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	48,102	-	(26,045)	-
8399	Less: 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	(199,887)	(1)	(525,209)	(2)
8300	**Other comprehensive income**	(282,003)	(1)	(439,025)	(2)
	Total comprehensive income	**$ (66,742)**	**-**	**378,095**	**1**
	Net income (loss) attributable to:				
8610	Shareholders of parent	$ (21,891)	-	740,316	3
8620	Non-controlling interests	237,152	1	76,804	-
		$ 215,261	**1**	**817,120**	**3**
	Total comprehensive income attributable to:				
8710	Shareholders of parent	$ (326,108)	(1)	371,902	1
8720	Non-controlling interests	259,366	1	6,193	-
		$ (66,742)	**-**	**378,095**	**1**
9710	**Basic earnings (losses) per share (New Taiwan Dollars) (note 6(s))**	**$ (0.03)**		**0.90**	
9810	**Diluted earnings (losses) per share (in New Taiwan dollars) (note 6(s))**	**$ (0.03)**		**0.89**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
			Retained earnings			Total other equity interest						
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total	Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 8,257,099	45,158	3,857,922	1,951,564	5,809,486	465,589	801,805	(68,134)	1,199,260	15,311,003	1,570,838	16,881,841
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	119,219	(119,219)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(809,195)	(809,195)	-	-	-	-	(809,195)	-	(809,195)
Other changes in capital surplus	-	1,982	-	-	-	-	-	-	-	1,982	-	1,982
Net income	-	-	-	740,316	740,316	-	-	-	-	740,316	76,804	817,120
Other comprehensive income (loss)	-	-	-	(20,478)	(20,478)	(442,206)	106,662	(12,392)	(347,936)	(368,414)	(70,611)	(439,025)
Total comprehensive income (loss)	-	-	-	719,838	719,838	(442,206)	106,662	(12,392)	(347,936)	371,902	6,193	378,095
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	197,373	197,373	-	(197,373)	-	(197,373)	-	-	-
Balance at December 31, 2019	8,257,099	47,140	3,977,141	1,940,361	5,917,502	23,383	711,094	(80,526)	653,951	14,875,692	1,577,031	16,452,723
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	91,721	(91,721)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(412,855)	(412,855)	-	-	-	-	(412,855)	(116,858)	(529,713)
Other changes in capital surplus	-	2,391	-	-	-	-	-	-	-	2,391	-	2,391
Net income (loss)	-	-	-	(21,891)	(21,891)	-	-	-	-	(21,891)	237,152	215,261
Other comprehensive income (loss)	-	-	-	(14,247)	(14,247)	(221,508)	(67,869)	(593)	(289,970)	(304,217)	22,214	(282,003)
Total comprehensive income (loss)	-	-	-	(36,138)	(36,138)	(221,508)	(67,869)	(593)	(289,970)	(326,108)	259,366	(66,742)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	84,323	84,323	-	(84,323)	-	(84,323)	-	-	-
Balance at December 31, 2020	$ 8,257,099	49,531	4,068,862	1,483,970	5,552,832	(198,125)	558,902	(81,119)	279,658	14,139,120	1,719,539	15,858,659

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Consolidated net income before tax	$ 520,671	1,254,638
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	1,018,861	996,958
Amortization	137,553	154,210
Reversal of impairment loss determined in accordance with IFRS 9	(3,627)	(1,193)
Interest expense	123,569	188,550
Interest income	(46,923)	(91,875)
Dividend income	(62,290)	(69,992)
Share of profit of associates and joint ventures accounted for under equity method	(301,508)	(184,126)
Loss on disposal of property, plant and equipment	127,553	35,325
Impairment loss on non-financial assets	495,745	-
Amortization to operating costs and inventories	82,962	84,692
Gain on lease modification	(8,780)	-
Total adjustments to reconcile profit and loss	1,563,115	1,112,549
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(3,446)	665
Notes receivable	295,127	(307,403)
Accounts receivable	(39,107)	115,469
Other receivables	(26,710)	(36,889)
Inventories	1,642,215	34,684
Other current assets	(122,707)	(155,736)
Total changes in operating assets, net	1,745,372	(349,210)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	26,956	3,606
Accounts payable	(749,082)	877,824
Accounts payable－related parties	(59,418)	59,418
Other payables	(90,728)	(32,121)
Other current liabilities	(90,953)	31,676
Net defined benefit liability	(54,978)	(49,035)
Other non-current liabilities	15,989	4,392
Total changes in operating liabilities, net	(1,002,214)	895,760
Total changes in operating assets and liabilities, net	743,158	546,550
Total adjustments	2,306,273	1,659,099
Cash provided by operating activities	2,826,944	2,913,737
Interest income received	42,732	104,889
Interest paid	(123,502)	(177,056)
Income taxes paid	(382,191)	(243,589)
Net cash flow from operating activities	2,363,983	2,597,981
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	135,404	246,302
Acquisition of property, plant and equipment	(1,437,939)	(2,454,201)
Proceeds from disposal of property, plant and equipment	1,904	799
Acquisition of intangible assets	(25,446)	-
Decrease (increase) in other non-current assets	(49,091)	50,404
Dividends received	137,346	159,352
Increase in restricted assets	(254,987)	-
Net cash used in investing activities	(1,492,809)	(1,997,344)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	36,230,155	21,324,066
Decrease in short-term borrowings	(37,097,249)	(20,672,431)
Proceeds from long-term borrowings	647,039	1,446,799
Repayments of long-term borrowings	(1,093,755)	(1,014,794)
Decrease in other long-term borrowings	-	(155,663)
Repayments of lease liabilities	(173,607)	(195,171)
Cash dividends paid	(529,279)	(807,552)
Overaging unclaimed dividends	2,391	1,982
Net cash used in financing activities	(2,014,305)	(72,764)
Effect of exchange rate changes on cash and cash equivalents	(273,686)	(360,345)
Net increase (decrease) in cash and cash equivalents	(1,416,817)	167,528
Cash and cash equivalents at beginning of period	4,695,280	4,527,752
Cash and cash equivalents at end of period	**$ 3,278,463**	**4,695,280**

See accompanying notes to consolidated financial statements.

(1) Company history

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) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved by to the Board of Directors and published on March 11, 2021.

(3) New standards, amendments and interpretations adopted:

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform－Phase 2”

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

(4) Summary of 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.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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(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 December 31, 2020	Percentage of ownership December 31, 2019	Description
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 %	
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 reengineering 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	TSRC Specialty Materials LLC	Production and sale of TPE	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 butadiene rubber	55.00 %	55.00 %	
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Production and sale of TPE	100.00 %	100.00 %	
Hardison International Corporation	Triton International Holdings Corporation	Investment	100.00 %	100.00 %	

Note 1: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation, total directly and indirectly owns of equity are 100%.

Note 2: On November 3, 2020, Dexco Polymers Operating Company LLC (Dexco LLC) merged with TSRC Specialty Materials LLC, which is the surviving company, and Dexco LLC being the dissolved entity. Therefore, the company's name was changed from Dexco Polymers L.P. to TSRC Specialty Materials LLC, wherein the investment structure was simplified. TSRC (USA) Investment Corporation directly holds 100% of TSRC Specialty Materials LLC.

(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.

(Continued)

(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).

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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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.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

(Continued)

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 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) 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 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

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 proportionate 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 ventures) 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.

(Continued)

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(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

(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.

(Continued)

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.

(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.

(Continued)

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 lives

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 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.

(Continued)

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.

(Continued)

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(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) Government grants

The Group recognizes other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(s) 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.

(Continued)

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.

(t) 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.

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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.

(u) 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.

If the Company may settle the obligation by cash, by issuing shares, or in combination of both cash and shares, profit sharing to employees which will be settled in shares should be included in the weighted average number of shares outstanding in calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the amount of profit sharing to employees in stock by the closing price (after considering the dilutive effect of dividends) of the common shares on the balance sheet date. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shares of profit sharing to employees are resolved in the board of directors meeting in the following year.If profit sharing is resolved to be distributed to employees in stock, the number of shares is determined by dividing the amount of profit sharing by fair value, which is the closing price (after considering the effect of dividends) of the shares on the day preceding the board meeting.

(v) 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) Significant accounting assumptions and judgments, and major 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 a 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:

(a) 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.

(b) Impairment of investments accounted for using equity method

The assessment of impairment of intangible assets requires the Group to make subjective judgments to identify cash-generating units and estimate the recoverable amount of relevant cash-generating units. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Refer to note 6(k) for further description of the impairment of intangible assets.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 432	415
Checking and savings deposits	961,937	973,695
Time deposits	2,316,094	3,571,170
Commercial paper with reverse repurchase agreements	-	150,000
Cash and cash equivalents per statements of cash flow	**$ 3,278,463**	**4,695,280**

The disclosure of interest rate risk and sensitivity analysis for the Group'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, 2020	December 31, 2019
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward contracts/Swap contracts	$ 3,460	14

	December 31, 2020	December 31, 2019
Financial liabilities held for trading:		
Derivative instruments not used for hedging		
Forward contracts/Swap contracts	$ 32,628	5,672

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:

	December 31, 2020		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	EUR 450 / USD 551	EUR/USD	2021.2.19~2021.2.26
Swap contracts	NTD 238,846 / USD 8,500	NTD/USD	2021.1.15~2021.1.22
Swap contracts	EUR 21,050 / USD 24,753	EUR/USD	2021.1.6~2021.2.3

	December 31, 2019		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	EUR 230 / NTD 7,778	EUR/NTD	2020.01.20
Swap contracts	NTD 201,938 / USD 6,700	NTD/USD	2020.01.02
Swap contracts	EUR 13,600 / USD 15,070	EUR/USD	2020.01.08

(c) Non-current financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income:		
Listed stocks (domestic)	$ -	115,200
Unlisted stocks (domestic and overseas)	952,645	1,022,688
Total	**$ 952,645**	**1,137,888**

(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 for the years ended December 31, 2020 and 2019, the fair value at that time of disposal was $114,323 thousand and $267,383 thousand and accumulated gain on disposal was $84,323 thousand and $197,373 thousand, which has 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 aforementioned financial assets were not pledged as collateral.

(v) The significant financial assets at fair value through other comprehensive income denominated in foreign currency were as follows:

	Foreign currency amount (thousand dollars)	Exchange rate	NTD
December 31, 2020			
THB	$ 205,493	0.9556	196,370
December 31, 2019			
THB	349,209	1.0098	352,631

(d) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 571,220	866,347
Accounts receivable	2,807,545	2,768,552
Less: allowance for impairment	5,194	8,935
	$ 3,373,571	**3,625,964**

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, 2020		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 3,353,019	0.09%~0.17%	4,055
1 to 30 days past due	25,746	2.78%~5.18%	1,139
	$ 3,378,765		**5,194**

	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**

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

	For the years ended December 31	
	2020	**2019**
Balance at beginning of period	$ 8,935	10,309
Impairment loss reversed	(3,627)	(1,193)
Foreign exchange gain or loss	(114)	(181)
Balance at end of period	**$ 5,194**	**8,935**

The aforementioned financial assets were not pledged as collateral. For other credit risk information, please refers to note 6(y).

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, 2020	December 31, 2019
Other receivables－related parties	$ 39,572	42,490
Other	106,599	93,861
	$ 146,171	**136,351**

As of December 31, 2020 and 2019, 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(y).

(f) Inventories

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

	December 31, 2020	December 31, 2019
Raw materials	$ 1,719,583	2,188,339
Supplies	9,476	108,038
Work in progress	297,435	315,411
Finished goods	2,258,866	3,199,202
Merchandise	487,104	603,689
Total	**$ 4,772,464**	**6,414,679**

As of December 31, 2020 and 2019, 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:

	2020	2019
Loss on (reversal of) decline in market value of inventory	$ 63,242	(16,715)
Income from sale of scrap	(21,162)	(33,354)
Loss (gain) on physical count	6,165	5,144
Unallocated production overhead	433,063	108,156
Total	**$ 481,308**	**63,231**

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(g) Investments accounted for under equity method

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

	December 31, 2020	December 31, 2019
Associates	$ 732,531	635,619
Joint ventures	571,256	462,972
	$ 1,303,787	**1,098,591**

(i) Associates

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, 2020	Proportion of equity and voting right December 31, 2019
ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.	Strategic alliance of production and sales of NBR	China	50.00 %	50.00 %
Asia Pacific Energy Development Co., Ltd.	Strategic alliance of investment	Cayman Isiands	37.78 %	37.78 %

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

1) Summary of financial information of ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.

	December 31, 2020	December 31, 2019
Current assets	$ 478,937	474,992
Non-current assets	668,836	749,274
Current liabilities	(471,579)	(738,296)
Non-current liabilities	(31,085)	(31,907)
Equity	**$ 645,109**	**454,063**
Equity attributable to the Group	**$ 332,554**	**227,031**

	2020	2019
Revenue	**$ 1,519,119**	**1,860,022**
Net income (loss) of continued operations	$ 180,927	39,130
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	**$ 180,927**	**39,130**
Total comprehensive income attributable to the Group	**$ 90,464**	**19,565**

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		2020	2019
Beginning balance of the equity of the associate attributable to the Group	$	231,111	219,835
Current total comprehensive income (loss) of the associate attributable to the Group		90,464	19,565
Other		1,712	(8,289)
Ending balance of the equity of the associate attributable to the Group	$	**323,287**	**231,111**

2) Summary of financial information of Asia Pacific Energy Development Co., Ltd.

		December 31, 2020	December 31, 2019
Current assets	$	625,218	546,710
Non-current assets		1,011,338	1,070,964
Current liabilities		(529,361)	(521,129)
Non-current liabilities		(10,318)	(12,202)
Equity	$	**1,096,877**	**1,084,343**
Equity attributable to the Group	$	**414,400**	**409,665**

		2020	2019
Revenue	$	**1,180,236**	**1,348,543**
Net income of continued operations	$	208,822	218,853
Other comprehensive income (loss)		-	-
Total comprehensive income (loss)	$	**208,822**	**218,853**
Total comprehensive income attributable to the Group	$	**78,893**	**82,683**

		2020	2019
Beginning balance of the equity of the associate attributable to the Group	$	404,508	408,632
Current total comprehensive income of the associate attributable to the Group		78,893	82,683
Other		(74,157)	(86,807)
Ending balance of the equity of the associate attributable to the Group	$	**409,244**	**404,508**

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(ii) Joint ventures

The details of the significant joint ventures are as follows:

Name of joint ventures	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right	
			December 31, 2020	December 31, 2019
Indian Synthetic Rubber Private Limited	Strategic alliance of production and sales of synthetic rubber products	India	50.00 %	50.00 %

A summaries were of the financial information of the significant joint ventures as follows:

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

	December 31, 2020	December 31, 2019
Current assets	$ 1,119,957	1,515,686
Non-current assets	3,089,725	3,445,188
Current liabilities	(1,252,076)	(1,986,515)
Non-current liabilities	(1,869,712)	(2,079,302)
Equity	$ **1,087,894**	**895,057**
Equity attributable to the Group	$ **543,947**	**447,528**

	2020	2019
Revenue	$ **3,728,248**	**4,509,180**
Net income of continued operations	$ 280,563	148,699
Other comprehensive income (loss)	(13,179)	(29,776)
Total comprehensive income (loss)	$ **267,384**	**118,923**
Total comprehensive income attributable to the Group	$ **133,692**	**59,462**

	2020	2019
Beginning balance of the equity of the joint venture attributable to the Group	$ 396,539	363,141
Current total comprehensive income (loss) of the joint venture attributable to the Group	133,692	59,462
Other	(17,607)	(26,064)
Ending balance of the equity of the joint venture attributable to the Group	$ **512,624**	**396,539**

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

	December 31, 2020	December 31, 2019
Balance of not significant joint venture's equity	$ **58,632**	**66,433**

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		2020	2019
Attributable to the Group:			
Income (loss) from continued operations	$	(8,130)	7,528
Other comprehensive income (loss)		-	-
Total comprehensive income (loss)	$	**(8,130)**	**7,528**

(iii) Collateral

As of December 31, 2020 and 2019, 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	Machinery	Furniture and fixtures and other equipment	Leased assets	Construction in progress	Total
Cost:									
Balance at January 1, 2020	$	614,101	143,699	4,051,022	20,332,811	244,989	-	2,844,971	28,231,593
Additions		140,061	-	-	29,676	92	-	1,256,316	1,426,145
Disposals		-	-	(6,734)	(503,925)	(9,135)	-	-	(519,794)
Reclassification		88,441	1,644	591,761	2,215,069	13,376	-	(2,835,265)	75,026
Effect on changes in exchange rates		(774)	(3,175)	36,320	(90,622)	(2,264)	-	(37,976)	(98,491)
Balance at December 31, 2020	$	**841,829**	**142,168**	**4,672,369**	**21,983,009**	**247,058**	**-**	**1,228,046**	**29,114,479**
Balance at January 1, 2019	$	614,101	106,999	3,998,164	20,282,127	228,273	94,596	1,210,859	26,535,119
Additions		-	-	-	18,710	237	-	2,436,899	2,455,846
Disposals		-	-	(476)	(174,326)	(7,985)	-	-	(182,787)
Reclassification		-	37,174	148,780	548,816	28,392	(94,596)	(770,629)	(102,063)
Effect on changes in exchange rates		-	(474)	(95,446)	(342,516)	(3,928)	-	(32,158)	(474,522)
Balance at December 31, 2019	$	**614,101**	**143,699**	**4,051,022**	**20,332,811**	**244,989**	**-**	**2,844,971**	**28,231,593**
Depreciation and impairment loss:									
Balance at January 1, 2020	$	-	90,293	2,314,620	15,614,341	174,944	-	-	18,194,198
Depreciation		-	5,232	137,546	745,908	17,414	-	-	906,100
Disposal		-	-	(3,490)	(378,626)	(8,221)	-	-	(390,337)
Reclassification		-	-	(654)	(38)	(21)	-	-	(713)
Effect on changes in exchange rates		-	(1,296)	16,451	(124,490)	(1,951)	-	-	(111,286)
Balance at December 31, 2020	$	**-**	**94,229**	**2,464,473**	**15,857,095**	**182,165**	**-**	**-**	**18,597,962**
Balance at January 1, 2019	$	-	88,237	2,236,682	15,270,710	170,641	-	-	17,766,270
Depreciation		-	2,525	129,079	727,445	14,688	-	-	873,737
Disposal		-	-	(241)	(139,256)	(7,166)	-	-	(146,663)
Effect on changes in exchange rates		-	(469)	(50,900)	(244,558)	(3,219)	-	-	(299,146)
Balance at December 31, 2019	$	**-**	**90,293**	**2,314,620**	**15,614,341**	**174,944**	**-**	**-**	**18,194,198**
Carrying value:									
December 31, 2020	$	**841,829**	**47,939**	**2,207,896**	**6,125,914**	**64,893**	**-**	**1,228,046**	**10,516,517**
January 1, 2019	$	**614,101**	**18,762**	**1,761,482**	**5,011,417**	**57,632**	**94,596**	**1,210,859**	**8,768,849**
December 31, 2019	$	**614,101**	**53,406**	**1,736,402**	**4,718,470**	**70,045**	**-**	**2,844,971**	**10,037,395**

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.

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

(i) Right-of-use assets

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

		Land	Building	Machinery	Transportation equipment	Total
Cost:						
Balance at January 1, 2020	$	663,708	383,925	471,843	34,216	1,553,692
Additions		-	32,150	57,174	2,501	91,825
Write-off		-	(3,695)	-	-	(3,695)
Lease modification		-	(143,496)	-	(2,561)	(146,057)
Reclassify to construction in progress		(94,596)	-	-	-	(94,596)
Amortization to operating costs and inventories		-	(6,850)	(76,112)	-	(82,962)
Effect on changes in foreign exchange rates		670	(6,567)	4,809	(1,329)	(2,417)
Balance at December 31, 2020	$	**569,782**	**255,467**	**457,714**	**32,827**	**1,315,790**
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 on changes in 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, 2020	$	130,190	68,316	14,551	9,064	222,121
Depreciation		13,798	70,243	3,576	10,418	98,035
Write-off		-	(3,695)	-	-	(3,695)
Lease modification		-	(21,425)	-	(512)	(21,937)
Effect on changes in exchange rates		1,501	(1,673)	(903)	(631)	(1,706)
Balance at December 31, 2020	$	**145,489**	**111,766**	**17,224**	**18,339**	**292,818**
Balance at January 1, 2019	$	120,302	-	-	-	120,302
Depreciation		14,397	69,862	14,946	9,291	108,496
Effect on 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, 2020	$	**424,293**	**143,701**	**440,490**	**14,488**	**1,022,972**
January 1, 2019	$	**561,586**	**396,904**	**565,489**	**29,829**	**1,553,808**
December 31, 2019	$	**533,518**	**315,609**	**457,292**	**25,152**	**1,331,571**

(j) Investment property

		Land	Buildings	Total
Cost:				
Balance as at January 1, 2020	$	1,073,579	741,889	1,815,468
Additions		-	-	-
Balance as at December 31, 2020	$	**1,073,579**	**741,889**	**1,815,468**
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**

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	Land	Buildings	Total
Depreciation:			
Balance as at January 1, 2020	$ -	233,869	233,869
Depreciation	-	14,726	14,726
Balance as at December 31, 2020	**$ -**	**248,595**	**248,595**
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**
Carrying value:			
Balance as at December 31, 2020	**$ 1,073,579**	**493,294**	**1,566,873**
Balance as at January 1, 2019	**$ 1,073,579**	**522,745**	**1,596,324**
Balance as at December 31, 2019	**$ 1,073,579**	**508,020**	**1,581,599**
Fair value:			
Balance as at December 31, 2020			**$ 3,336,956**
Balance as at January 1, 2019			**$ 3,334,675**
Balance as at December 31, 2019			**$ 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 the fair value of the property were as follows:

Region	2020	2019
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 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, 2020 and 2019, the Group did not pledge any collateral on investment properties.

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(k) Intangible assets

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

	Industrial technology and know-how	Computer software	Goodwill	Patent and trademark	Customer relationship	Non-compete agreement	Total
Costs:							
Balance at January 1, 2020	$ 995,035	246,832	206,793	592,543	1,080,805	9,032	3,131,040
Additions	25,300	146	-	-	-	-	25,446
Reclassification	-	14,069	-	-	-	-	14,069
Effect of changes in exchange rates	(40,036)	948	(10,976)	(31,453)	(57,368)	(479)	(139,364)
Balance at December 31, 2020	**$ 980,299**	**261,995**	**195,817**	**561,090**	**1,023,437**	**8,553**	**3,031,191**
Balance at January 1, 2019	$ 1,021,038	244,543	211,100	604,885	1,103,315	9,220	3,194,101
Disposals	-	(688)	-	-	-	-	(688)
Reclassification	-	5,529	-	-	-	-	5,529
Effect of changes in exchange rates	(26,003)	(2,552)	(4,307)	(12,342)	(22,510)	(188)	(67,902)
Balance at December 31, 2019	**$ 995,035**	**246,832**	**206,793**	**592,543**	**1,080,805**	**9,032**	**3,131,040**
Amortization and impairment losses:							
Balance at January 1, 2020	$ 491,771	234,745	-	200,235	525,372	9,032	1,461,155
Amortization	48,157	11,363	-	23,059	54,974	-	137,553
Impairment loss	66,582	-	203,263	141,733	84,167	-	495,745
Effect of changes in exchange rates	(19,067)	974	(7,446)	(16,666)	(32,983)	(479)	(75,667)
Balance at December 31, 2020	**$ 587,443**	**247,082**	**195,817**	**348,361**	**631,530**	**8,553**	**2,018,786**
Balance at January 1, 2019	$ 458,237	219,742	-	180,282	475,019	9,220	1,342,500
Amortization	50,065	18,197	-	24,274	61,674	-	154,210
Disposals	-	(688)	-	-	-	-	(688)
Effect of changes in exchange rates	(16,531)	(2,506)	-	(4,321)	(11,321)	(188)	(34,867)
Balance at December 31, 2019	**$ 491,771**	**234,745**	**-**	**200,235**	**525,372**	**9,032**	**1,461,155**
Carrying value:							
December 31, 2020	**$ 392,856**	**14,913**	**-**	**212,729**	**391,907**	**-**	**1,012,405**
January 1, 2019	**$ 562,801**	**24,801**	**211,100**	**424,603**	**628,296**	**-**	**1,851,601**
December 31, 2019	**$ 503,264**	**12,087**	**206,793**	**392,308**	**555,433**	**-**	**1,669,885**

(i) Amortization of intangible assets

For the years ended December 31, 2020 and 2019, the amortization of intangible assets are included in the statement of comprehensive income:

	For the years ended December 31	
	2020	**2019**
Operating costs	$ 5,256	6,081
Operating expenses	132,297	148,129
	$ 137,553	**154,210**

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(ii) Impairment Testing

The goodwill and other intangible assets, which were mainly from the expected production of Dexco Polymers LP Synthetic rubber products' revenue growth in the United States and Europe market amounting to USD90,569 thousand, were generated and recognized by TSRC (USA) Investment Corporation when acquiring Dexco Polymers LP and Dexco Polymers Operating LLC in April 2010. In 2020, the global economic recession caused by COVID-19, as well as the delay of customers' shipments resulted in a decline in operations and profits, and indication of impairment.

For the purposes of impairment testing, goodwill is allocated to each of the acquirer's cash-generating units that are expected to benefit from the synergies of the combination. TSRC (USA) Investment Corporation itself is a separate cash-generating unit that cannot generate independent cash inflows; therefore, the impairment of goodwill and other intangible assets (including technical know-hows, patents, trademarks and customer relationships) are calculated at fair value after the merger of Dexco Polymers LP by TSRC (USA) Investment Corporation, minus the cost of disposal and the book value of net assets, in assessing whether impairment should be recognized.

For the abovementioned impairment testing for the year ended December 31, 2020, the fair value of intangible assets, minus disposal costs, were lower than the book value of net assets, wherein the amount of impairment loss were recognized as follows:

Goodwill	Know-how	Patent	Trademark	Customer relationship	Total
$ 203,263	**66,582**	**95,634**	**46,099**	**84,167**	**495,745**

The cash-generating unit used the financial data of July 31, 2020 as the measurement base date, wherein the measurement of the recoverable amount was determined using the fair value, less disposal cost, based on the market and income approach. The amount of fair value, less disposal cost, was estimated by using the discounted cash flow. The measurement of fair value uses the significant unobservable input classified into the third level.

The following are the key assumptions used in estimating the recoverable amount. The values of these key assumptions represent the management's assessment of the future trends of related industries and the consideration of historical information from internal and external sources.

	2020.7.31
Discount rate	10.2%
Revenue growth rate	0.9%~7%

The discount rate and the cash flow were estimated based on the industry weighted average capital cost and the five-year financial forecast approved by the management, respectively. In addition, the cash flow over five years was estimated based on different growth rates for each product over the subsequent years.

The intangible assets of the Group had not been impaired as of December 31, 2019.

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

(l) Short-term and long-term borrowings

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

(i) Short-term bank borrowings

	December 31, 2020			
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.40~4.35	2021	$ 3,789,276	17,605,576

	December 31, 2019			
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.40~5.22	2020	$ 4,729,148	16,600,631

(ii) Long-term borrowings

1) Long-term bank borrowings

	December 31, 2020			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	USD	4.38	2021~2023	$ 178,458
Unsecured loans	NTD	1.09~1.25	2021~2025	3,073,718
Unsecured loans	USD	1.53~3.82	2021~2023	783,970
Unsecured loans	CNY	5.08	2022	427,718
Total				$ 4,463,864
Current				$ 2,784,129
Non-current				1,679,735
Total				$ 4,463,864

	December 31, 2019			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	USD	4.38	2021~2023	$ 245,990
Unsecured loans	NTD	1.12~1.45	2020~2023	3,450,000
Unsecured loans	USD	3.22~3.55	2021~2023	745,123
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

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Among the increase in long-term borrowings is the participation of the Group in the federal government's Paycheck Protection Program, of which the amount of $56,796 thousand (USD1,950 thousand) bore the interest rate of 1%. According to the loan contract, if the Group., has maintained its number of employees and salary levels, and the relevant salary, rent, utility expenses, have met all the required ratios defined in the contract for eight weeks since the date of the loan signature, wherein the full forgiveness of loan balance can be applied. As of the reporting date, the relevant forgiveness amount has been applied to the bank for review. In addition, the Company applied for the "Taiwanese business return to Taiwan investment project loan" amounting to $478,000 thousand, on December 31, 2020, of which, the Company had used the amount of $75,727 with an interest rate measured and recognized based on the difference between the market interest rate of 1.2% and the actual interest rate 0.45% recognized as government subsidy which had been recorded under deferred income.

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

	December 31, 2020		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	CTBC Bank	1.206	$ 350,000
Less: discount			659
Total			**$ 349,341**

	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**

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

(iii) Collateral of loans

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

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(m) Current provisions (recorded as other payables)

	Provision for defective products
Balance at January 1, 2020	$ 18,017
Increase in provisions	17,805
Provisions recognized	(505)
Reversal of unused provisions	(22,542)
Effect on changes in exchange rates	(44)
Balance at December 31, 2020	**$ 12,731**
Balance at January 1, 2019	$ 27,128
Increase in provisions	25,936
Provisions used	(2,211)
Reversal of unused provisions	(32,434)
Effect on changes in exchange rates	(402)
Balance at December 31, 2019	**$ 18,017**

(n) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	**$ 139,263**	**175,942**
Non-current	**$ 492,827**	**685,689**

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

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	**$ 6,775**	**10,400**
Expenses relating to short-term leases	**$ 17,264**	**3,012**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 18,499**	**24,763**

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

	2020	2019
Total cash outflow for leases	**$ 216,145**	**233,346**

(o) Operating leases

The Group 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).

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

	December 31, 2020	December 31, 2019
Less than one year	$ 68,159	55,154
One to two years	67,739	53,406
Two to three years	60,905	52,805
Three to four years	48,363	48,362
Four to five years	13,710	35,293
More than five years	63,568	9,953
Total undiscounted lease payments	**$ 322,444**	**254,973**

In 2020 and 2019, the rental income from investment property amounted to 64,663 thousand and 33,529 thousand, respectively.

(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, 2020	December 31, 2019
The present value of the defined benefit obligations	$ 606,090	615,154
Fair value of plan assets	(535,923)	(504,256)
The net defined benefit liability	**$ 70,167**	**110,898**

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 $535,923 thousand at the end of the current 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.

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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, 2020 and 2019 were as follows:

		2020	2019
Defined benefit obligation as of 1 January	$	615,154	607,256
Current service costs and interest		11,598	12,664
Remeasurements of net defined benefit liability (asset)			
—Return on plan assets (excluding current interest expense)		15,816	16,393
—Due to changes in financial assumption of actuarial gains or losses		14,247	20,478
Benefits paid by the plan		(50,725)	(41,637)
Defined benefit obligation as of 31 December	**$**	**606,090**	**615,154**

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, 2020 and 2019, were as follows:

		2020	2019
Fair value of plan assets as of January 1	$	504,256	467,801
Expected return		4,867	5,111
Remeasurements of net defined benefit liability (asset)			
—Return on plan assets (excluding current interest expense)		15,816	16,393
Contributions made		61,709	56,588
Benefits paid by the plan		(50,725)	(41,637)
Fair value of plan assets as of December 31	**$**	**535,923**	**504,256**

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Current service cost	$	5,645	6,009
Net interest on the defined benefit liability (asset)		1,086	1,544
	$	**6,731**	**7,553**

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

		2020	2019
Operating costs	$	4,008	4,573
Operating expenses		2,328	2,383
Other income and expenses		290	367
Other receivables		105	230
	$	6,731	7,553

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	December 31, 2020	December 31, 2019
Discount rate	0.625 %	1.000 %
Future salary increases rate	1.500 %	1.500 %

The Group expects to make contributions of $17,323 thousand to the defined benefit plans in the next year starting from the reporting date of 2020.

The weighted average duration of the defined benefit plan is 10.11 years.

6) 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, 2020 and 2019, 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, 2020			
Discount rate	$	(11,785)	12,142
Future salary increase rate		11,608	(11,330)
December 31, 2019			
Discount rate		(12,334)	12,751
Future salary increase rate		12,266	(11,932)

(Continued)

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 has implemented the pension costs under the defined contribution plan and allocates retirement funds in according to the local regulation, and recognized the retirement funds in each period as current expenses.

The Group's pension costs under the defined contribution plan were $47,436 thousand and $108,450 thousand for the years 2020 and 2019, 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, 2020	December 31, 2019
Compensated absence liabilities	$ 48,138	44,926

(q) Income tax

(i) Income tax expenses

The amounts of the Group's income tax for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Current income tax expense		
Current period	$ 412,974	254,069
Adjustment for prior periods	8,207	(230)
	421,181	253,839
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(115,771)	183,679
Income tax expenses of continued operations	$ 305,410	437,518

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Reconciliations of the Group's income tax expense (benefit) and the profit before tax for 2020 and 2019 were as follows:

	2020	2019
Income before tax	**$ 520,671**	**1,254,638**
Income tax calculated on pretax accounting income at statutory rate	$ 104,134	250,928
Effect of tax rates in foreign jurisdiction	50,257	39,149
Dividend income	(10,516)	(11,625)
Adjustment for prior periods	8,207	(230)
Foreign investment income	75,088	125,766
R&D tax credits utilized	(17,824)	(9,000)
Surtax on unappropriated earnings	-	7,105
Withholding tax of revenue from overseas	41,840	33,630
Change in unrecognized temporary differences	14,419	1,883
Regulations Governing the Utilization and Taxation of Repatriated offshore Funds	34,589	-
Others	5,216	(88)
Total	**$ 305,410**	**437,518**

(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, 2020	December 31, 2019
Tax effect of deductible temporary differences	$ -	9,000
The carryforward of unused tax losses	83,695	60,276
	$ 83,695	**69,276**

Under the R.O.C. Income Tax Act, 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.

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As of December 31, 2020, the amount of tax losses not yet recognized as deferred tax assets is as follows:

Year		Amount	Year of expiration
2016	$	32,583	2026
2018		51,112	2028
	$	**83,695**	

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2020 and 2019 were as follows:

Deferred tax assets:

		Defined benefit plans	Allowance for inventory valuation	Loss carryforward	Others	Total
Balance at January 1, 2020	$	13,731	50,752	53,522	102,434	220,439
Recognized in profit or loss		(11,013)	12,580	36,860	29,563	67,990
Balance at December 31, 2020	**$**	**2,718**	**63,332**	**90,382**	**131,997**	**288,429**
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**

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, 2020	$	586,688	69,408	56,683	142,702	855,481
Recognized in profit or loss		55,408	(15,992)	-	(87,197)	(47,781)
Balance at December 31, 2020	**$**	**642,096**	**53,416**	**56,683**	**55,505**	**807,700**
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**

(iii) Assessment of tax

The tax returns of the Company have been assessed by the tax authorities through 2018.

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(r) Capital and other equity

(i) Capital

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

As of December 31, 2020 and 2019, 825,709,978 shares of ordinary were issued.

(ii) Additional paid-in capital

The components of additional paid-in capital as of December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Share premium	$ 849	849
Overaging unclaimed dividends	48,682	46,291
	$ 49,531	**47,140**

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 Regulations Governing the offering and Issuance of Securities by Securities Issuer, 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 2020, 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.

(Continued)

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 increments and cumulative translation adjustments (gains) under shareholders' equity 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 19, 2020, when allocating the earnings for each fiscal year, the Company may, after offsetting losses from previous years, and paying taxes, and setting aside any statutory and appropriated retained earnings of 10% by ordinary resolution, may draw up the allocation of the balance remaining as bonuses, dividends, retained earnings or otherwise. The allocation shall be proposed by the Board of Directors and shall be resolved at the shareholders' general meeting. However, dividends issued in cash may be passed by the Board of Directors with more than two-thirds of the directors' attendance, and be resolved by more than half of the directors, then be reported to the shareholders' general meeting.

In accordance with the original Company's articles of incorporation, when allocating the earnings for each fiscal year, the Company may, after offsetting losses from previous years, after paying taxes as per the law, and after 10% of the statutory surplus reserve is raised before the special surplus reserve is set up or turned over under the Securities and Exchange Act, the balances, when added to the unallocated surplus in the preceding period, are thereafter available for distribution and a surplus allocation proposal is submitted.

(Continued)

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For the distribution based on the above of paragraph, the cash dividend shall not be less than 20% of the total distribution.

The above-mentioned distribution of surplus shall be drawn up by the Board of Directors and shall be submitted to the shareholders' meeting for resolution.

The distribution of 2019 and 2018 earnings as dividends to stockholders that were approved by the Company's shareholders' general meetings on June 19, 2020 and June 6, 2019, respectively, were as follows:

	2019		2018	
	Amount per share (NTD)	**Total Amount**	**Amount per share (NTD)**	**Total Amount**
Dividends distributed to ordinary stockholders:				
Cash (earnings)	$ 0.50	412,855	0.98	809,195

On March 11, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. These earnings were appropriated as follows:

	2020	
	Amount per share (NT dollars)	**Total amount**
Dividends distributed to common shareholders:		
Cash	$ 0.36	297,256

(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, 2020	$ 23,383	711,094	(80,526)	653,951
Foreign exchange differences arising from foreign operations	(270,203)	-	-	(270,203)
Exchange differences on translation financial statements from investments accounted for using equity method	48,695	-	-	48,695
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(67,869)	-	(67,869)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(84,323)	-	(84,323)
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(593)	(593)
Balance as of December 31, 2020	$ (198,125)	558,902	(81,119)	279,658

(Continued)

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	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 from investments accounted for using equity method	(13,653)	-	-	(13,653)
Unrealized gains or 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 cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(12,392)	(12,392)
Balance as of December 31, 2019	$ 23,383	711,094	(80,526)	653,951

(s) Earnings (losses) per share

The calculation of the Company's basic earnings (losses) per share and diluted earnings (losses) per share for the years ended December 31, 2020 and 2019 were asfollows:

(i) Basic earnings (losses) per share

	2020	2019
Net income (loss) attributable to common shareholders of the Company	$ (21,891)	740,316
Weighted-average number of common shares (in thousands)	825,710	825,710
Basic earnings (losses) per share (NT Dollars)	$ (0.03)	0.90

(ii) Diluted earnings (losses) per share

	2020	2019
Net income (loss) attributable to common shareholders of the Company (diluted)	$ (21,891)	740,316
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710
Impact on potential common shares		
Effect of employees' compensation (in thousands)	-	2,686
Weighted-average number of shares outstanding (diluted) (in thousands)	825,710	828,396
Diluted earnings (losses) per share (NT Dollars)	$ (0.03)	0.89

(t) Remuneration to employees and directors

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 employee remuneration, and less than 1% as directors' remuneration. The related regulations on the distribution of remunerations to employees and directors will have to be approved by the Board of Directors.

(Continued)

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For the years ended December 31, 2020 and 2019, the Company estimated its employees' compensation were $40,750 thousand and $53,614 thousand, respectively, and the estimated amounts of directors' remuneration were $616 thousand and $9,813 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. Expect the above-mentioned remuneration of directors in 2019, the Board of Directors would consider the company’s operating performance and regional market standards, and Board of Directors decide to distribute $4,907 thousand, the difference from the previous provision was recognized under 2020 the profit and losses. There is no difference between the amount distributed by the Board of Directors and the estimated amount in the company's individual financial reports for the year of 2020 and 2019.

(u) Revenue from contracts with customers

	2020		
	Synthetic rubber	**Non-synthetic rubber**	**Total**
Primary geographical markets:			
Asia	$ 16,586,438	843,653	17,430,091
Americas	3,475,775	6,870	3,482,645
Europe	2,515,967	29	2,515,996
Others	595,711	-	595,711
	$ 23,173,891	**850,552**	**24,024,443**
Major product lines:			
Synthetic rubber / elastomers	22,355,033	-	22,355,033
Applied materials	-	837,387	837,387
Others	818,858	13,165	832,023
	$ 23,173,891	**850,552**	**24,024,443**

	2019		
	Synthetic rubber	**Non-synthetic rubber**	**Total**
Primary geographical markets:			
Asia	$ 18,949,295	1,788,382	20,737,677
Americas	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**

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(v) Other income and expenses

		2020	2019
Rental income	$	67,073	36,046
Royalty income		82,656	103,930
Net service income		24,211	10,185
Depreciation of investment properties		(14,726)	(14,725)
Net other income		23,645	32,039
Other income and expenses	$	**182,859**	**167,475**

(w) Non-operating income and expenses

(i) Interest income

		2020	2019
Interest income from bank deposits	$	**46,923**	**91,875**

(ii) Other gains

		2020	2019
Dividend income	$	**62,290**	**69,992**

(iii) Other gains and losses

		2020	2019
Loss on disposal of property, plant and equipment	$	(127,553)	(35,325)
Foreign exchange gain (loss), net		60,615	15,977
Gains (losses) on financial assets (liabilities) at fair value through profit or loss		(38,540)	29,546
Impairment loss on intangible assets		(495,745)	-
Other gains and losses		12,427	2,136
Other gains and losses, net	$	**(588,796)**	**12,334**

(iv) Finance costs

		2020	2019
Interest expense	$	**123,569**	**188,550**

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(x) Reclassification of components of other comprehensive income

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

		2020	2019
Effective portion of cash flow hedges:			
Net gains (losses) for current year	$	(29,380)	(14,112)
Less: Adjustment of reclassification included in profit or loss		(28,787)	(1,720)
Net gains (losses) recognized in other comprehensive income	**$**	**(593)**	**(12,392)**

(y) 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, 2020 and 2019, the maximum credit risk exposure amounted to $7,837,492 thousand, and $9,619,808 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	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings	$	3,795,442	3,675,788	119,654	-	-	-
Accounts payable		1,643,264	1,643,264	-	-	-	-
Other payables		1,204,135	1,204,135	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)		4,910,796	1,239,315	1,593,226	1,084,767	993,488	-
Lease liabilities		653,406	71,505	71,505	120,293	191,367	198,736
Deposits received		62,118	-	-	46,461	12,536	3,121
Derivative financial liabilities							
Other swap contracts/other forward contracts:							
Outflow		32,628	32,628	-	-	-	-
	$	**12,301,789**	**7,866,635**	**1,784,385**	**1,251,521**	**1,197,391**	**201,857**

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	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2019						
Non-derivative financial liabilities						
Short-term borrowings	$ 4,745,864	4,468,550	277,314	-	-	-
Accounts payable (including related parties)	2,451,764	2,451,764	-	-	-	-
Other payables	1,309,810	1,309,810	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	5,511,811	188,214	232,521	3,195,864	1,895,212	-
Lease liabilities	920,136	91,830	91,830	158,655	310,188	267,633
Deposits received	54,206	-	-	41,670	12,536	-
Derivative financial liabilities						
Other swap contracts/other forward contracts:						
Outflow	5,672	5,672	-	-	-	-
	$ 14,999,263	8,515,840	601,665	3,396,189	2,217,936	267,633

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 Group's financial assets and financial liabilities exposed to significant currency risk were as follows:

		Foreign currency (thousand dollars)	Exchange rate	NTD
December 31, 2020				
Financial assets:				
Monetary assets:				
USD	$	76,191	28.5080	2,172,053
EUR	$	8,197	35.0563	287,356
JPY	$	36,134	0.2765	9,991
CNY	$	22,490	4.3813	98,535
Financial liabilities:				
Monetary liabilities:				
USD	$	84,000	28.5080	2,394,672
EUR	$	6,212	35.0563	217,770
JPY	$	27,409	0.2765	7,579

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		Foreign currency (thousand dollars)	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
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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the forgin currencies had depreciated / appreciated by 1%, the Group's net income before tax would have decreased / increased by $(521) thousand and $2,010 thousand for the years ended December 31, 2020 and 2019, 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 currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by gross amount. For the years ended December 31, 2020 and 2019, foreign exchange gain (including realized and unrealized) amounting to $22,075 thousand and $45,523 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 decreased / increased by $86,025 thousand and $100,384 thousand for the years ended December 31, 2020 and 2019, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

(v) Fair value

1) Hierarchy 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. No additional fair value disclosure is required in accordance to the regulations.

	December 31, 2020				
	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 3,460	-	3,460	-	3,460
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	952,645	-	-	952,645	952,645
Total	**$ 956,105**	**-**	**3,460**	**952,645**	**956,105**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**$ 32,628**	**-**	**32,628**	**-**	**32,628**

	December 31, 2019				
	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 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	**$ 5,672**	**-**	**5,672**	**-**	**5,672**

(Continued)

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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, 2020	$ 1,022,688
Total gains:	
Recognized in other comprehensive income	(70,043)
Balance at December 31, 2020	**$ 952,645**
Balance at January 1, 2019	$ 994,175
Total gains:	
Recognized in other comprehensive income	28,513
Balance at December 31, 2019	**$ 1,022,688**

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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, 2020 and December 31, 2019 was all 15.62~17.8 and 15.79~17.41, respectively · Multipliers of equity ratios as of December 31, 2020 and December 31, 2019 were 1.38 and 1.17, respectively · Market liquidity discount rate as of December 31, 2020 and December 31, 2019 was all 20%	· the estimated fair value would have been higher if the price-to-earnings and market-to-book ratios would be higher. · the estimated fair value would have been higher if the market liquidity discount would be lower.

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	Move up or down		Other comprehensive income Favorable	Other comprehensive income Unfavorable
December 31, 2020					
Financial assets fair value through other comprehensive income					
Equity investments without an active market	Liquidity discount at 20%	1%	$	11,912	(11,912)
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)

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 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.

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(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, The Group’s Accounts Receivable and Notes Receivable are mainly due from customers in China, accounting 26% of the total amount of the receivables as of December 31, 2020, and 2019, 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, 2020 and 2019, 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 Group. 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.

(Continued)

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.

(aa) 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, 2020	**December 31, 2019**
Total liabilities	$	13,409,723	16,062,200
Total equity		15,858,659	16,452,723
Total assets	**$**	**29,268,382**	**32,514,923**
Debts ratio		**46 %**	**49 %**

As of December 31, 2020, there were no material changes in the Group's debts ratio.

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

The Group did not have non-cash flow transactions on investing and financing activities for the years ended December 31, 2020 and 2019.

(ac) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2020 and 2019 was as follows:

	January 1, 2020	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Amortization of commercial paper discount	Non-cash changes: Others	December 31, 2020
Long-term borrowings (including current portion)	$ 4,959,940	(446,716)	(49,360)	-	-	4,463,864
Other long-term borrowings	349,287	-	-	54	-	349,341
Short-term borrowings	4,729,148	(867,094)	(72,778)	-	-	3,789,276
Lease liabilities	861,631	(173,607)	(2,479)	6,775	(60,230)	632,090
Total liabilities from financing activities	**$ 10,900,006**	**(1,487,417)**	**(124,617)**	**6,829**	**(60,230)**	**9,234,571**

	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)	$ 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**

(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 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
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	The Group recognized associates under equity method
Asia Pacific Energy Development Co., Ltd.	〃
Nantong Qix Storage Co., Ltd.	The Group recognized joint venture under equity method
Marubeni Corporation	Corporate director of one consolidated entity
UBE Industrial Ltd.	〃

TSRC CORPORATION AND SUBSIDIARIES
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Name of related party	Relationship with the Group
Metropolis Property Management Corporation	Other related parties of the Group
Continental Engineering Corporation	〃
WFV Corporation	〃
UBE (Shanghai) Ltd.	Subsidiary of corporate director of one 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:

	2020	2019
Associates	$ **5,805**	**33,669**

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:

	2020	2019
Other related parties	$ **102,188**	**369,341**

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 revenue other income and expenses were as follows:

	2020	2019
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$ 143,637	149,375
Joint ventures		
Indian Synthetic Rubber Private Limited	42,370	53,466
Others	2,808	3,614
Other related parties		
Others	(14,137)	(12,971)
	$ **174,678**	**193,484**

(Continued)

(iv) Lease－Rent income

	2020	2019
Other related parties	$ 4,472	4,445

The amount of rent is based on neighboring rent, and the rental is collected monthly from other related parties.

(v) Receivables from related parties

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

Account	Type of related parties	December 31, 2020	December 31, 2019
Other receivables	Associates		
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$ 22,154	24,403
Other receivables	Joint ventures		
	Indian Synthetic Rubber Private Limited	17,183	17,541
	Others	235	546
		$ 39,572	42,490

(vi) Payables to related parties

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

Account	Type of related parties	December 31, 2020	December 31, 2019
Accounts payable	Other related parties	$ -	59,418
Other payables	Other related parties	1,226	910
		$ 1,226	60,328

(vii) Guarantees

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

	December 31, 2020	December 31, 2019
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$ 1,577,416	1,113,557
Joint ventures		
Indian Synthetic Rubber Private Limited	949,316	1,431,541
	$ 2,526,732	2,545,098

(Continued)

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

		December 31, 2020	December 31, 2019
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$	733	4,080
Joint ventures			
Indian Synthetic Rubber Private Limited		31,086	15,147
	$	**31,819**	**19,227**

(d) Key management personnel transactions

The compensation of the key management personnel comprised the following:

		2020	2019
Short-term employee benefits	$	117,037	111,402
Post-employment benefits		1,186	1,498
	$	**118,223**	**112,900**

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2020	December 31, 2019
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	$	1,173	1,233
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings		269,284	317,610
		$	**270,457**	**318,843**

(9) Commitments and contingencies

(a) The unused letters of credit outstanding

		December 31, 2020	December 31, 2019
The Group's unused letters of credit outstanding	$	**1,284,162**	**1,898,743**

(b) Total amounts and the cumulative payments of group’s signed construction and design contracts with several vendors as follows:

		December 31, 2020	December 31, 2019
The total amounts of construction in progress contracts	$	**2,851,593**	**2,222,624**
Cumulative payments	$	**2,342,971**	**1,665,915**

(Continued)

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

On March, 11 2021, the Group intends to dispose its land and building located in Renwu District, Kaohsiung, to a non related party at a price of $1,220,000 thousands in order to activate its assets, with an estimated disposed propertied benefit of approximately $882,000 thousand.

(12) Other

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

By function / By nature	Year ended December 31, 2020			Year ended December 31, 2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	777,728	625,709	1,403,437	762,770	646,758	1,409,528
Labor and health insurance	83,687	56,970	140,657	88,290	59,425	147,715
Pension	29,323	24,844	54,167	76,394	39,609	116,003
Others (note 1)	152,379	78,107	230,486	153,050	118,161	271,211
Depreciation (note 2)	814,422	189,713	1,004,135	811,953	170,280	982,233
Amortization	5,256	132,297	137,553	6,081	148,129	154,210

Note 1: Other personnel expenses included meals, employee welfare, training expenses, employees' bonus and director's remuneration.

Note 2: Depreciation expenses for investment property recognized under other income and expenses amounting to $14,726 thousand and $14,725 thousand for the years ended December 31, 2020 and 2019 were excluded.

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(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:

Unit: thousand NTD

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance	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 Item	Collateral Value	Financing limit for each borrowing company	Maximum financing limit for the lender
1	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	Loan	Yes	265,847	87,626	-	-	2	-	Operating capital	-		-	295,155 (Note 1)	590,310 (Note 2)

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 100.00% 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 .

Note 3: TSRC (Shanghai) Industries Ltd., and TSRC (Nantong) Industries Ltd. are 100.00% owned by TSRC.

Note 4: Credit period: The financing period should not be over one year.

Note 5: 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".

Note 6: The transactions within the Group were eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

Unit: thousand NTD

No.	Name of company	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the company	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	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
0	TSRC	TSRC (USA) Investment Corporation	4	(Note 2)	907,620	427,620	353,499	-	3.02 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	1,577,416	1,577,416	229,043	-	11.16 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	2,428,087	949,316	949,316	-	6.71 %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	531,566	504,592	430,471	-	3.57 %	(Note 3)	Y		
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	303,300	285,080	178,458	-	2.02 %	(Note 3)	Y		

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 securities 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 by the Company is limited to 60% of total equity amounting to $8,483,472 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to $21,208,680 thousand.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

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(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand NTD

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Maximum investment in 2020	Remarks
				Number of shares	Book value	Holding percentage	Market value		
TSRC	Evergreen Steel Corporation	-	Financial assets at fair value through other comprehensive income－non-current	12,148,000	413,517	3.04 %	413,517	209,878	
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	599,999	81,960	5.42 %	81,960	65,143	
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income－non-current	5,657,000	342,758	3.90 %	342,758	64,296	
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	837,552	114,410	7.57 %	114,410	54,424	
					952,645		952,645	393,741	

(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:

Unit: thousand NTD

Name of company	Counter-party	Relationship	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)	
TSRC (Lux.) Corporation S.'a.r.l.	TSRC	Parent and subsidiary companies	Purchase	230,533	11.85 %	70 days	-		(32,789)	(19.05) %	
TSRC	TSRC (Lux.) Corporation S.'a.r.l.	Parent and subsidiary companies	Sale	(230,533)	(2.76) %	70 days	-		32,789	3.16 %	
TSRC Specialty Materials LLC	TSRC	Parent and subsidiary companies	Purchase	176,654	9.02 %	70 days	-		(28,863)	(12.55) %	
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies	Sale	(176,654)	(2.12) %	70 days	-		28,863	2.78 %	
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	179,904	64.66 %	40 days	-		(15,108)	(80.58) %	
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	Related parties	Sale	(179,904)	(4.72) %	40 days	-		15,108	3.36 %	
TSRC (Lux.) Corporation S.'a r.l.	TSRC Specialty Materials LLC	Related parties	Purchase	638,188	32.81 %	90 days	-		(48,424)	(28.14) %	
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.'a r.l.	Related parties	Sale	(638,188)	(18.35) %	90 days	-		48,424	12.90 %	
TSRC (Lux.) Corporation S.'a r.l.	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	1,066,767	54.84 %	70 days	-		(93,832)	(54.53) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a r.l.	Related parties	Sale	(1,066,767)	(28.00) %	70 days	-		93,832	20.85 %	

Note 1: 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: None.

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

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

Unit: thousand NTD

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Sales revenue	80,721	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.34 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	45,871	〃	0.19 %
0	TSRC	TSRC (Lux.) Corporation S.'a r.l.	1	Sales revenue	230,533	〃	0.96 %
0	TSRC	TSRC (Lux.) Corporation S.'a.r.l	1	Accounts receivable	32,789	〃	0.11 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	48,988	〃	0.20 %
0	TSRC	TSRC Specialty Materials LLC	1	Sales revenue	176,654	〃	0.74 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	40,934	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.17 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Sales revenue	42,166	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.18 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	3	Sales revenue	179,904	〃	0.75 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a r.l.	3	Sales revenue	1,066,767	〃	4.44 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a r.l.	3	Accounts receivable	93,832	〃	0.32 %
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	214,865	〃	0.89 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.'a r.l.	3	Sales revenue	638,188	The transaction is not significantly different from normal transactions, and the collection terms were about three months	2.66 %
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.'a r.l.	3	Accounts receivable	48,424	〃	0.17 %
3	TSRC (Lux.) Corporation S.'a r.l.	TSRC	2	Other income and expenses	40,143	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.17 %
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Sales revenue	54,876	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.23 %

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) 1 represents downstream transactions.
(2) 2 represents upstream transactions.
(3) 3 represents midstream transactions.

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Notes to the Consolidated Financial Statements

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.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

Unit: thousand NTD/thousand USD/thousand EUR

Name of investor	Name of investee	Address	Scope of business	Original cost December 31, 2020	Original cost December 31, 2019	Ending balance Shares	Ending balance Percentage of ownership	Ending balance Book value	Maximum investment amount in 2020	Net income (losses) of investee	Investment income (losses)	Remarks
TSRC	Trimurti Holding Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,005,495	1,005,495	86,920,000	100.00 %	12,779,698	1,005,495	395,611	395,611	Subsidiary
TSRC	Hardison International Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	109,442	109,442	3,896,305	100.00 %	553,628	109,442	60,952	60,952	Subsidiary
TSRC	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	38,376	38,376	1,161,004	19.48 %	114,017	38,376	86,045	16,761	Subsidiary (note 2)
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 processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products	278,280	278,280	-	100.00 %	197,619	278,280	(35,049)	(35,049)	Subsidiary
Trimurti Holding Corporation	Polybus Corporation Pte Ltd.	100 Peck Seah Strect #09-16 Singapore 079333	International commerce and investment corporation	1,855,899 (USD65,101)	1,855,899 (USD65,101)	105,830,000	100.00 %	8,132,280	1,855,899	794,946	794,946	Indirectly owned subsidiary
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F Boc Group Life Assurance Tower 136 Dses Voeus Road Central	Investment corporation	2,960,556 (USD103,850)	2,219,348 (USD77,850)	103,850,000	100.00 %	3,405,313	2,960,556	(375,292)	(375,292)	Indirectly owned subsidiary
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	840,216 (USD29,473)	840,216 (USD29,473)	222,861,375	50.00 %	512,624	840,216	280,563	140,281	-
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	2,624,665 (EUR74,870)	1,780,860 (EUR50,800)	74,869,617	100.00 %	2,715,817	2,624,665	(459,113)	(459,113)	Indirectly owned subsidiary
TSRC (Lux.) Corporation S.'a r.l.	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, County of New Castle, Wilmington, Delaware, USA	Investment corporation	2,738,193 (USD96,050)	1,996,985 (USD70,050)	130	100.00 %	2,678,391	2,738,193	(436,828)	(436,828)	Indirectly owned subsidiary
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	12012 Wickchester Lane, Suite 280, Houston, TX, USA	Production and sale of TPE	6,232,333 (USD218,617)	5,491,125 (USD192,617)	-	100.00 %	2,106,217	6,232,333	(77,948)	(77,948)	Indirectly owned subsidiary
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,425 (USD50)	1,425 (USD50)	50,000	100.00 %	59,006	1,425	(8,247)	(8,247)	Indirectly owned subsidiary
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	136,810 (USD4,799)	136,810 (USD4,799)	4,798,566	80.52 %	492,601	136,810	86,045	69,284	Indirectly owned subsidiary
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design	321,713 (USD11,285)	321,713 (USD11,285)	7,522,337	37.78 %	409,244	321,713	208,822	78,893	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD28.508; EUR1 to NTD35.0563).

Note 2: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation, total directly and indirectly owns of equity are 100%.

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

(c) Information on investment in Mainland China:

(i) The names, main businesses and products, and other information of investees in Mainland China:

Unit: thousand NTD/thousand USD

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, 2020	Investment flow during current period Remittance amount	Investment flow during current period Repatriation amount	Cumulative investment (amount) from Taiwan as of December 31, 2020	Net income (losses) of investee	Direct / indirect investment holding percentage	Maximum investment in 2020	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,175,100 (USD41,220)	(2)a.	-	-	-	-	497,954	65.44 %	768,985 (Note 2)	325,861 (Note 2)	1,896,262	4,786,340
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	658,535 (USD23,100)	(2)c.	109,243 (USD3,832)	-	-	109,243 (USD3,832)	324,574	28.34 %	186,629 (Note 3)	91,984 (Note 3)	382,844	358,308
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	156,794 (USD5,500)	(2)b.	111,751 (USD3,920)	-	-	111,751 (USD3,920)	90,662	100.00 %	156,794 (Note 2)	90,662 (Note 2)	590,310	-
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	85,524 (USD3,000)	(2)d.	42,762 (USD1,500)	-	-	42,762 (USD1,500	(16,260)	50.00 %	42,762 (Note 2)	(8,130) (Note 2)	58,632	74,060
TSRC-UBE (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	1,140,320 (USD40,000)	(2)a.	28,508 (USD1,000)	-	-	28,508 (USD1,000)	144,576	55.00 %	627,176 (Note 2)	79,517 (Note 2)	887,941	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	2,996,904 (USD105,125)	(2)a.	189,521 (USD6,648)	-	-	189,521 (USD6,648)	316,229	100.00 %	2,996,904 (Note 2)	316,229 (Note 2)	4,717,180	440,864
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,277,158 (USD44,800)	(2)a.	-	-	-	-	180,927	50.00 %	638,579 (Note 3)	90,464 (Note 3)	323,287	-

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Note 1: 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.

Note 2: The investment income (losses) were recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 3: The investment income (losses) were recognized under the equity method and based on the financial statements audited by international accounting firms.

Note 4: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD28.508).

Note 5: 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, 2020	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	481,785 (USD16,900)	5,340,546 (USD187,335) (Note 2)	- (Note 1)

Note 1: 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.

Note 2: This amount includes capital increase out of earnings, approved by the Investment Commission, MOEA.

Note 3: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD28.508).

(iii) Significant transactions:

Related information is provided in note 13(a).

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(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:

	2020			
	Synthetic rubber	**Non-synthetic rubber**	**Others**	**Total**
Revenue:				
Revenue from external customers	$ 23,173,891	850,552	-	24,024,443
Interest revenue	40,734	2,273	3,916	46,923
Total revenue	**$ 23,214,625**	**852,825**	**3,916**	**24,071,366**
Interest expenses	**$ 117,527**	**12,522**	**(6,480)**	**123,569**
Depreciation and amortization	**$ 1,074,551**	**67,137**	**14,726**	**1,156,414**
Share of profit of equity-accounted investees (associates and jointly controlled entities)	**$ 230,745**	**-**	**70,763**	**301,508**
Reportable segment profit or loss	**$ 354,059**	**31,928**	**134,684**	**520,671**
Reportable segment assets and liabilities (note)	$ -	-	-	-

(Continued)

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	2019			
	Synthetic rubber	Non-synthetic rubber	Others	Total
Revenue:				
Revenue from external customers	$ 27,108,301	1,802,422	-	28,910,723
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	**$ 1,068,873**	**67,570**	**14,725**	**1,151,168**
Share of profit of equity-accounted investees (associates and jointly controlled entities)	**$ 93,915**	**-**	**90,211**	**184,126**
Reportable segment profit or loss	**$ 827,226**	**322,279**	**105,133**	**1,254,638**
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	2020	2019
Revenue from external customers:		
China	$ 10,641,719	12,016,138
United States	3,077,921	3,575,084
Taiwan	3,027,958	3,392,860
Germany	1,138,521	1,493,596
Thailand	1,040,894	1,420,734
Vietnam	892,179	1,339,558
Japan	454,114	604,319
Other countries	3,751,137	5,068,434
Total	**$ 24,024,443**	**28,910,723**

Geographical information	December 31, 2020	December 31, 2019
Non-current assets:		
China	$ 7,355,792	7,424,648
Taiwan	4,734,394	4,544,863
United States	1,881,946	2,337,074
Other countries	1,617,540	1,484,093
Total	**$ 15,589,672**	**15,790,678**

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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.

(d) Information about major customers

For the years 2020 and 2019, the Group had no major customer who constituted 10% or more of net sales.