Annual Report 2020

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TSRC CORPORATION

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

Letter to the Shareholders

Letter to the Shareholders

Petrochemical industry and its end markets experienced significant disruptions due to COVID-19 in 2020. In response to the pandemic, TSRC took swift actions and measures to safeguard employees' health and safety, maintain business continuity, and ensure supply chain reliability for customers. Amid challenging market conditions, TSRC's synthetic rubber business delivered strong performance by effectively leveraging the fast recovery of China automotive market, healthy price gap between natural rubber and butadiene, and pulled-in orders from Asian customers driven by the U.S. antidumping duty and countervailing duty investigations of passenger vehicle and light truck tires.

TPE business, with a higher presence in the U.S. and European markets, experienced more significant demand destruction and intensified pricing competition. In addition, the Advanced Shoe Materials (ASM) business was severely affected by weak market demand. Although some new sales opportunities arising from the pandemic were successfully captured, overall TSRC consolidated operating performance declined compared to 2019.

In terms of equity investments, Indian Synthetic Rubber Private Limited and ARLANXEO-TSRC (Nantong) Chemical Industrial Co., Ltd. contributed strong investment income reflecting the rapid recovery of downstream demand in India and China. At the same time, TSRC successfully avoided potential negative impacts of foreign exchange volatility and New Taiwan Dollar (NTD) appreciation through robust financial management. Complying with international accounting standards and practices, a one-time non-cash intangible asset impairment charge for TSRC's U.S. subsidiary was taken in 2020.

In total, the shipment of synthetic rubber and TPE products was 528 thousand metric tons in 2020, an increase of 8% versus prior year. Consolidated revenue was NTD 24,024 million, a decrease of 17% compared to NTD 28,911 million in the prior year. Consolidated gross profit was down 13% to NTD 2,937 million and margin was 12%. Consolidated operating profit was NTD 822 million, a reduction of 24% from the previous year. As a result, 2020 net loss was NTD 22 million, representing a loss of NTD 0.03 per share.

Amid various restrictions and business challenges incurred by the pandemic, TSRC continued its strategic investment projects on specialty chemical and successfully completed building the advanced SEBS line in Nantong, China and ASM plant in Vietnam in 2020. TSRC also continued technological innovation and business development vis-à-vis rising demand of medical, ASM, and advanced automotive materials. Key research milestones in 2020 include the commercialization of new SSBR grades, new hydrogenated styrenic block copolymer (HSBC) product development for medical, hygiene, and viscosity modifier applications, breakthrough in ASM new foaming technology, and successful adoption of the newly developed process technologies in the new manufacturing assets. In 2020, 9 patents were granted to TSRC.

Global economy is recovering from the depths of COVID-19 crisis as the pandemic is gradually being controlled and large-scale economic stimulus have been implemented by governments and central banks. However, the pace of recovery is expected to vary across countries and industries while trade and geopolitical uncertainties remain a risk to the global economic recovery. TSRC plans to capture the growth momentum of economic recovery and continue its strategic direction focusing on new technology development and business model optimization to emerge stronger from the global crisis.

Chairman: Nita Ing

Company profile

I. Date of incorporation

July 27, 1973

II. Company history

2010's Globalization

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

2000's Expansion of Production Lines

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

1990's Rapid Regional Expansion

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

1980's Early Growing Stage

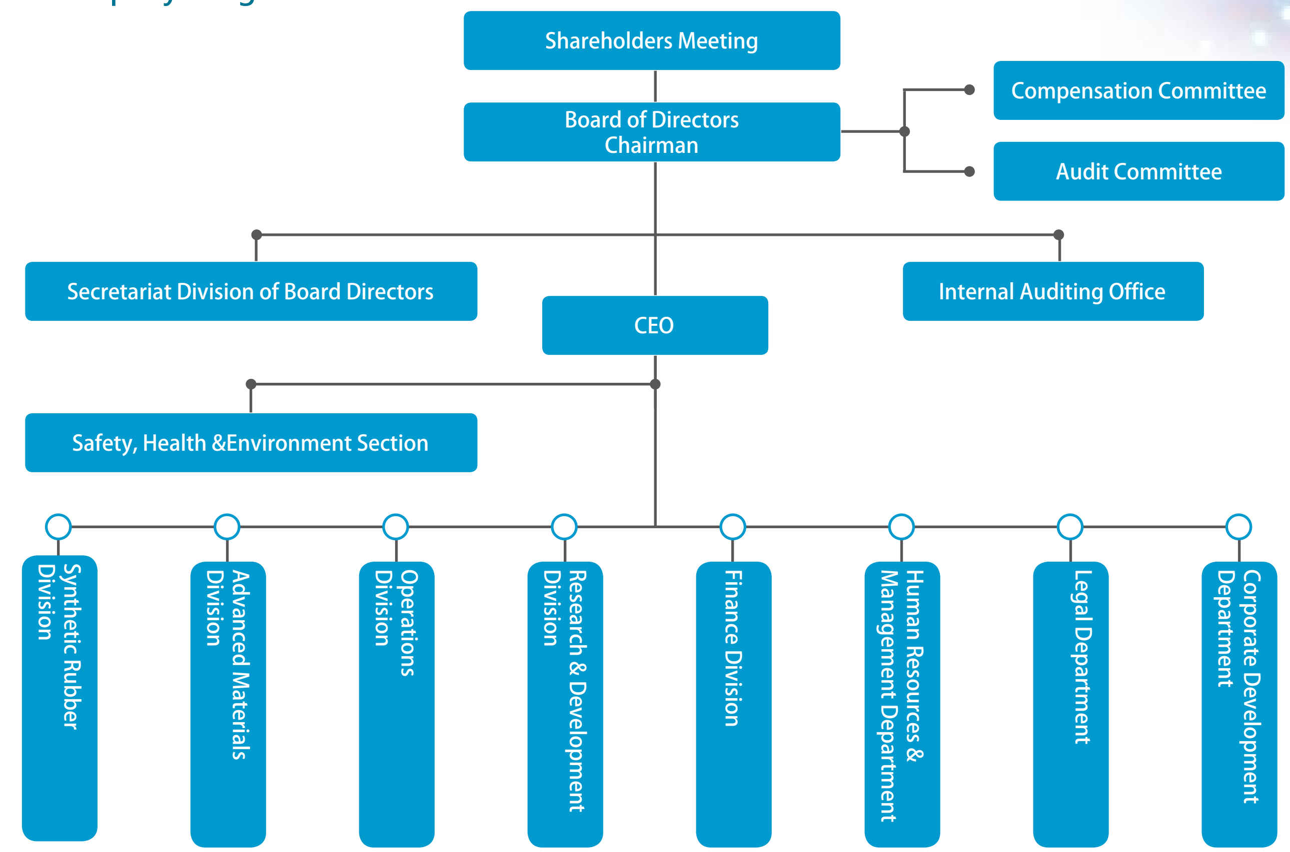
- Established a BR plant with an annual output of 40 thousand metric tons.
- Relocated the Philips SBS Plant from Texas, USA to Kaohsiung.

1970's Beginning

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

Corporate governance report

I. Company's organization



Tasks of principal divisions/departments/business

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

II. Information on Board of Directors and Presidents

<1> Information on Board of Directors (1)

Job title	Nationality or Place of registration	Name	Gender	Date of elected	Term of contract	Date of first elected	Shares held when elected		Shares currently held		Shares currently held by their spouses and children of minor age	
							Share(s)	%	Share(s)	%	Share(s)	%
Chairman	Republic of China	Wei-Dar Development Corporation Representative: Nita Ing	Female	June 21, 2018	3	July 27, 1985	53,708,923 0	6.50 -	53,708,923 0	6.50 -	0	-
Director	Republic of China	Han-De Construction Co., Ltd. Representative: Chin-Shan Chiang	Male	June 21, 2018	3	June 06, 2012	31,093,108 762	3.77 -	63,093,108 762	7.64 -	0	-
Director	Republic of China	Han-De Construction Co., Ltd. Representative: Jing-Lung Huang	Male	June 21, 2018	3	June 21, 2018	31,093,108 0	3.77 -	63,093,108 0	7.64 -	0	-
Director	Republic of China	Han-De Construction Co., Ltd. Representative: John T. Yu	Male	June 21, 2018	3	June 10, 2015	31,093,108 0	3.77 -	63,093,108 0	7.64 -	0	-
Independent Director	Republic of China	Robert Hung	Male	June 21, 2018	3	June 06, 2012	0	-	0	-	0	-
Independent Director	Republic of China	Sean Chao	Male	June 21, 2018	3	June 21, 2018	0	-	0	-	0	-
Independent Director	Republic of China	Rex Yang	Male	June 21, 2018	3	June 21, 2018	0	-	0	-	0	-

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

December 31, 2020

Shares held through nominees		Principal work experience and Academic qualification	Position(s) currently held in the Company and/or in any other Company	Other officers, directors or supervisors who are their spouses or relatives of 2nd degree of relationship			Note (Note)
Share(s)	%			Job title	Name	Relationship	
0	-	Bachelors' Degree in Department of Economics, University of California, Los Angeles Vice Chairman of TSRC Corporation Chairman of Taiwan High Speed Rail Corporation General Manager, Continental Engineering Corporation Director of Continental Development Company Director of American Bridge Holding Company	Chairman of Hao Ran Foundation Chairman of Continental Holdings Corporation. Chairman of Continental Engineering Company	No	No	No	No
0	-	Masters' Degree in Department of Public Administration, NCU Director of Taiwan High Speed Rail Corporation Senior Assistant GM,China Development Financial Holding Company Senior Assistant GM, China Development Industrial Bank Assistant GM, Shanghai Mart	Director of Wei-Dar Development Corporation, Director of Han-De Construction Co., Ltd. Chairman, Metropolis Property Management Corporation Director of Hao Ran Foundation	No	No	No	No
0	-	Bachelors' Degree in Department of Accounting, NCKU Comptroller, Taiwan High Speed Rail Corporation President, Suzhou Standard Food Corporation Comptroller, Philips Taiwan Affiliates Chief Financial Officer, Blue Bell Group, Hong Kong Chief Financial Officer, Getz Bros. & Co., Inc.	Managing Director of Pan Asia Corp Chairman of Han-De Construction Co., Ltd Chairman of Wei-Dar Development Corporation Chairman of Oriens Corporation Chairman of MaoShi Corporation Director of Continental Engineering Company Director of Continental Development Company Director of Continental Holdings Corporation Director of CDC Commercial Development Corporation	No	No	No	No
0	-	Graduated from Advanced Management Class in Management Faculty, Harvard University, Bachelors' Degree in Department of Electrical Engineering, NTU Chairman of CTCI Corporation General Manager, CTCI Corporation	President, CTCI Corporation Director, CTCI Corporation Chairman, CTCI Development Corporation Director, CTCI Overseas Corporation Limited Managing Director, CTCI Foundation Director, Taiwan Cement Corporation Director, CTCI Education Foundation Director, Dynamic Ever Investments Limited. Director, Ever Victory Global Limited.	No	No	No	No
0	-	Masters' Degree in Department of Economics, Illinois State University, USA , Independent Director of Wistron NeWeb Corporation Assistant GM, Bank of America Corporation Chief Financial Officer, Taiwan High Speed Rail Corporation Chairman, Young Green Energy Corporation	No	No	No	No	No
0	-	Masters' Degree in Department of Business Administration, University of Chicago, Bachelors' Degree in Department of Politics and International Relations, NTU Chief Executive Officer, Morgan Stanley Taiwan President, UBS Group in Taiwan Chairman, UBS Fund in Taiwan	Independent Director of HannStar Display Corporation Independent Director, NAFCO	No	No	No	No
0	-	Bachelors' Degree in Department of Business Administration, Soochow University CFO, Continental Holdings Corporation Chairman, TEAPO Electronic Corporation CFO/CSO,Yageo Corporation	No	No	No	No	No

Major shareholders of institutional shareholders December 31, 2020

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

Information on Board of Directors

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

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

(1) Who are not employees of the Company or its affiliates;

(2) Directors and corporate supervisors not belonging to the Company or its affiliates (However, except for the independent Directors who hold concurrent posts that are not subject to the limits for those companies and its parent companies or subsidiary companies belonged to their parent companies which are established by local regulations.).

(3) Who are not directors/supervisors, or the directors'/supervisors' spouses or minor children, or natural person shareholders who possess more than 1% of the Company's total issued shares in the name of another person, or top ten natural person shareholders;

(4) Managers who are not listed in (1) or their spouses,second-degree relatives of the listed members in (2) and (3) or direct blood relatives of the third-degree relatives.

(5) The directors, supervisors of the legal shareholders or employee who do not directly hold more than 5% of the total issued shares or on top 5 shareholdings or appointing the representatives to be the directors or supervisor of the Company as prescribed of Article 27 (1) or (2) of the Company Law (however, except for the independent Directors who hold concurrent posts that are not subject to the limits for the company and its parent company or subsidiary company belonged to their parent company which are established by local regulations.)

(6) More than half of shares that are not belonged to the Board of Directors or voting rights of the company shall controlled by the same person of his/her Directors, Supervisors or Employees in company (however, except for the independent Directors who hold concurrent posts that are not subject to the limits for the company and its parent company or subsidiary company belonged to their parent company which are established by local regulations.)

(7) The Directors, Supervisors or Employees of their company or institution who are not the company' s Directors, General Managers or equivalent position that are the same persons or spouses (but the independent Directors who hold concurrent posts that are not subject to the limits for the company and its parent company or subsidiary company belonged to their parent company which are established by local regulations.)

Major shareholders of major shareholders of institutional shareholders

December 31, 2020

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

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

(8) Directors, Supervisors, Managers or shareholders who hold more than 5% of shares in particular company or institution which do not have financial or business dealings with the company (however, if the particular company or institution holds more than 20% and below 50% of the total issued shares of the company, and the independent Directors who hold concurrent posts that are not subject to the limits for the company and its parent company or subsidiary company belonged to their parent company which are established by local regulations.)

(9) The professionals, sole proprietorships, partnerships, companies or institutions who do not provide audit services or have obtained remuneration grand total amount not exceeded to NT$500,000 in business, legal affairs, finance and accounting, or the business owners, partners, directors , supervisors, handlers and their spouses. However, members of Payroll Committee, Pubic Offer Review Committee or Special Committee on Mergers and Acquisitions are not subject to the limits for performing its functions according to the relevant regulations of the Securities and Exchange Act or Business Mergers and Acquisitions Act.

(10) Who are not spouses or relatives within 2nd degree of relationship of the other directors.

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

(12) Who are not the corporations or representatives defined in Article 27 of the Company Act.

<2> Information on presidents

Job title	Nationality	Name	Gender	Date of elected	Shares currently held		Shares currently held by their spouses and children of minor age		Shares held through nominees	
					Share(s)	%	Share(s)	%	Share(s)	%
CEO	Singapore	Joseph Chai	Male	November 01, 2015	0	-	0	-	65,000	-
Sr. Vice President Advanced Materials Division	Canada	Wing-Keung Hendrick Lam	Male	July 16, 2004	0	-	0	-	0	-
Vice President Finance Division	Republic of China	Edward Wang	Male	June 01, 2016	0	-	0	-	0	-
Vice President Research & Development Division	USA	Qiwei Lu	Male	April 01, 2016	0	-	0	-	0	-
Vice President Synthetic Rubber Division	Republic of China	Kevin Liu	Male	June 01, 2016	0	-	0	-	0	-
Vice President Operations Division	Republic of China	Chi-Wei Hsu	Male	January 01, 2020	0	-	0	-	0	-

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

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Principal work experience and Academic qualification	Position(s) currently held in the Company and/or in any other Company	Other officers, directors or supervisors who are their spouses or relatives of 2nd degree of relationship 人			Note
		Position	Name	Relationship	
Lubrizol Corporation Deputy Vice President of Asia Pacific/ MBA, Case Western Reserve University, USA	Directors of Polybus Corporation. Pte Ltd., TSRC (Hong Kong) Limited, Trimurti Holding Corporation., Hardison International Corporation., Dymas Corporation., Triton International Holdings Corporation.	No	No	No	No
Financial Officers of Pacific Industrial Co., Ltd., Assistant Vice President of First Pacific Co. Ltd. and Shau Kei Wan Industrial School, Hong Kong	Chairman of TSRC(Nantong) Industrial Ltd. and TSRC(Shanghai) Industrial Ltd., TSRC(Vietnam)Co., Ltd.; Directors of TSRC (USA) Investment Corporation. ,TSRC Specialty Materials LLC. ,Trimurti Holding Corporation. ,Hardison International Corporation. ,TSRC (Hong Kong) Limited. ,Dymas Corporation. ,Polybus Corporation Pte Ltd.. ,TSRC (Lux.) Corporation S.à r.l. ,Asia Pacific Energy Development Company Limited.	No	No	No	No
Chief Financial Officer, HTC / Master of Business, Administration, Tunghai University	Directors of Shen Hua Chemical Industrial Ltd. ,Polybus Corporation Pte Ltd. ,Trimurti Holding Corporation . ,Triton International Holdings Corporation. ,TSRC (Hong Kong) Limited. ,TSRC (USA) Investment Corporation. ,TSRC Specialty Materials LLC . ,TSRC (Lux.) Corporation S.à r.l. ,Indian Synthetic Rubber Private Limited . ,Asia Pacific Energy Development Company Limited ; Supervisors of TSRC(Nantong) Industrial Ltd. , TSRC (Shanghai) Industrial Ltd. , ARLANXEO- TSRC(Nantong) Chemical Industrial Co. , Ltd.,TSRC (Vietnam) Co., Ltd.	No	No	No	No
Global Strategic Technology Officer, Lubrizol / Doctor in Material Science and Engineering, University of Minnesota	None	No	No	No	No
Manager, Sales and Marketing, Department, Asst. Vice President Rubber Business Unit, TSRC. Spokesperson and Assistant Vice President, Sales Department, China Synthetic Rubber Corp., and MSA, Cambridge College, USA	Chairman of Shen Hua Chemical Industrial Ltd. ,TSRC-UBE (Nantong) Chemical Industrial Co. Ltd., ; Director of Indian Synthetic Rubber Private Ltd. ,Thai Synthetic Rubbers Co., Ltd. , ARLANXEO- TSRC(Nantong) Chemical Industrial Co., Ltd. ,Thai Synthetic Rubbers Co., Ltd. ,Nantong Qix Storage Co., Ltd.	No	No	No	No
Asia Operations Director, Elementis Group Plant Manager, Deuchem Co., Ltd. Department of Chemical Engineering, National Taiwan University of Science and Technology	Directors of Shen Hua Chemical Industrial Ltd. ,TSRC(Nantong) Industrial Ltd. ,TSRC (USA) Investment Corporation ,TSRC (Lux.) Corporation S.à r.l.	No	No	No	No

III. The remuneration of directors and major managers

<1> Directors' remuneration

Job title	Name	Directors remuneration							
		Base compensation (A)		Severance pay and pensions (B)		Remuneration to directors (C)(Note 2)		Business execution expenses(D)	
		The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report
Chairman	Wei-Dar Development Co.,Ltd. Representative:Nita Ing	9,150	9,150	0	0	352	352	0	0
Director	Han-De Construction Co., Ltd. Representative:Chin-Shan Chiang								
Director	Han-De Construction Co., Ltd. Representative: Jing-Lung Huang								
Director	Han-De Construction Co., Ltd. Representative:-John T. Yu								
Independent Director	Robert Hung	6,750	6,750	0	0	264	264	500	500
Independent Director	Sean Chao								
Independent Director	Rex Yang								

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

Note: The remuneration to directors is submitted to the 21th meeting of the 16th board of directors.

Unit: thousand NTD

Percentage of the total of A, B, C and D accounting for income after tax		Relevant remuneration received by directors who are also employees								Percentage of total of A, B, C, D, E, F and G accounting for income after tax		Compensation paid to directors from non-consolidated affiliates
		Salary, bonus and special allowance(E)		Severance pay and pensions (F)		Employees' earnings (G)						
						The Company		Companies in Financial Report				
The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report	Cash	Stock	Cash	Stock	The Company	Companies in Financial Report	
(43.41)	(43.41)	0	0	0	0	0	0	0	0	(43.41)	(43.41)	0
(34.32)	(34.32)	0	0	0	0	0	0	0	0	(34.32)	(34.32)	0

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

<2> Presidents' and vice presidents' remuneration

Unit: thousand NTD

Job title	Name	Salary(A)		Severance pay and pensions (B)		Bonus and special allowance(C)		Employees' compensation amount (D)				Percentage of the total of A, B, C and D accounting for income after tax (%)		Compensation paid to directors from non-consolidated affiliates
		The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company		Companies in Financial Report		The Company	Companies in Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO	Joseph Chai (Note1)	43,054	43,054	10,629	10,629	19,396	19,396	3,370	0	3,370	0	(349.23)	(349.23)	0
Sr. Vice President	Wing-Keung Hendrick Lam													
Vice President	Kevin Liu													
Vice President	Qiwei Lu													
Vice President	Edward Wang													
Vice President	Chi-Wei Hsu													
Vice President	R. L. Chiu (Note2)													
Vice President	Alison Tung (Note2)													

Note1: One leased vehicle and one driver assigned to CEO. The yearly rent for the leased vehicle is NTD 490 thousand and the remuneration paid to the driver is NTD 576 thousand and rental housing costs NTD 2,640 thousand .

Note2: R. L. Chiu retired on April 16, 2020 and Alison Tung resigned on October 2, 2020.

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

Remuneration paid to the president and vice presidents	Name of president and vice presidents	
	The Company	Companies in Financial Report
50,000,000 (inclusive of 50,000,000)-100,000,000(does not contain 100,000,000)	-	-
100,000,000 above	-	-
Total		

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

December 31, 2020

	Job title	Name	Stock	Cash (NTD in thousands)	Total (NTD in thousands)	Percentage of the total income after tax (%)
Managers	CEO	Joseph Chai	0	3,370	3,370	(15.39)
	Sr. Vice President	Wing-Keung Hendrick Lam				
	Vice President	Qiwei Lu				
	Vice President	Edward Wang				
	Vice President	Kevin Liu				
	Vice President	Chi-Wei Hsu				
	Vice President	R. L. Chiu (Note)				
	Vice President	Alison Tung(Note)				

Note : R. L. Chiu retired on April 16, 2020 and Alison Tung resigned on October 2, 2020.

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

1. Remuneration paid in the most recent two years

Unit: thousand NTD

Job title	The Company		Companies in Financial Report	
	2020	2019	2020	2019
Director remuneration	17,016	23,732	17,016	23,732
Director remuneration percentage of net income after taxes(%)	(77.73)	3.21	(77.73)	3.21
CEO and vice president	76,449	67,428	76,449	67,428
CEO and vice president remuneration percentage of net income after taxes(%)	(349.23)	9.11	(349.23)	9.11

2. The Company paid to the directors and personnel above the level of vice presidents remuneration policy standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure are as follows:
(1)The remuneration for the Board of Directors shall subject to the provisions of the Company's Articles of Incorporation. Such remuneration shall be determined by the Board of Directors in accordance with the participation and contribution of the Directors to the Company' s operations and with reference to industry standards; the remuneration for the Directors shall be based on the Company's profitability up to 1% and shall be approved by the Board of Directors.

(2)The remuneration for Vice Presidents and above is based on competitive salary levels, and is approved in accordance with the Company's Business Authority Regulations after considering the overall operational performance of the industry and the Company, individual performance and contribution, and future risks.

IV. Status of corporate governance implementation

<1> Operation of the board of directors

Board of Directors held 7 meetings in 2020. The attendance of directors in the meetings is specified as follows:

Job title	Name	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance rate (%)	Remark
Chairman	Wei-Dar Development Co., Ltd. Representative: Nita Ing	7	0	100	The directors shall attend 7 Board meetings of directors.
Director	Han-De Construction Co., Ltd. Representative: Chin-Shan Chiang	7	0	100	
Director	Han-De Construction Co., Ltd. Representative: Jing- Lung Huang	7	0	100	
Director	Han-De Construction Co., Ltd. Representative: John T. Yu	7	0	100	
Independent Director	Robert Hung	7	0	100	
Independent Director	Sean Chao	7	0	100	
Independent Director	Rex Yang	7	0	100	

Other matters to be recorded:

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

Date of Meeting	Name of Meeting	Major Resolutions	Implementation
January 17, 2020	The 13th meeting of the 16th Board of Directors	1. In order to meet the capital needs of Dexco Polymers L.P., the subsidiary of the Company financed the capital of Dexco Polymers L.P. by increasing capital and issuing new shares.	All directors were present and the resolution was approved.
March 17, 2020	The 14th meeting of the 16th Board of Directors	1. Amendments to the Company's "Procedures for Loaning Funds to Other Parties". 2. Amendment to the Company's "Procedures for Endorsement and Guarantee". 3. To provide guarantee for the loan agreement between TSRC (USA) Investment Corporation, a subsidiary of the Company, and the bank. 4. Amendment to the Company's budget for the construction of a butadiene storage tank at the Kaohsiung Intercontinental Petrochemical Oil Center II.	
May 7, 2020	The 15th meeting of the 16th Board of Directors	1. To provide guarantee for the loan agreement between Indian Synthetic Rubber Private Limited, a subsidiary of the Company, and the bank. 2. To provide guarantee for the loan agreement between TSRC (Vietnam) Company Limited, a subsidiary of the Company, and the bank. 3. To discuss the 2019 remuneration of the Board of Directors.	
August 6, 2020	The 16th meeting of the 16th Board of Directors	1. Amendments to the guarantee provided by the Company to its subsidiary, Indian Synthetic Rubber Private Limited, for the loan from the bank.	
November 3, 2020	The 17th meeting of the 16th Board of Directors	1. To appoint a certified public accountant to audit the 2021 financial statements. 2. To provide the guarantee for the financing and foreign exchange credit with banks for ARLANXEO-TSRC (Nantong) Chemical Industrial Co., Ltd	

2. In addition to the previous events, other resolutions made by the Board of Directors that the Independent Directors opposed or reserved with a record or written statement: There were no resolutions that the Independent Directors opposed or reserved in 2020.
3. Implementation of Director's reclusion of interest resolutions:
   Implementation status of Directors' recusal in preventing from conflict of interests: At the 14th meeting of the 16th Board of Directors, Director Yu, Chun-Yen recused himself from the discussion and voting on the amendment of the Company's budget for the construction of a butadiene storage tank at the Kaohsiung Intercontinental Petrochemical Oil Center II in consideration of the construction of the project.
4. Implementation status of the Board of Directors' Self Evaluation:

Cycle	Period	Scope	Method	Content	Result
Once a year	January 1, 2020 - December 31, 2020	Board of Directors, Individual Board Director and Functional Committees	Self - Evaluation by Board of Directors	Self-Evaluation of the Board of Directors and the Functional Committees: · Participation in the Company's operations · Enhancing the decision-making quality of the Board of Directors and the Committees. · Understanding the structure and responsibilities of the Board of Directors and the Committees. · Selecting and continuously training the Board and Committee members. · Internal Control.	Board of Directors: The composition and structure of the Board of Directors is diversified and professional. All directors have attended all the Board meetings and participated fully in the discussions, resulting in good quality decision-making and effective internal control systems that are in line with sound corporate governance standards. The Company will plan ahead in response to the fact that ESG is gaining international attention. Functional Committees: The Audit and Remuneration Committee is composed with a high degree of professionalism and independence, fully awareness of its responsibilities, having full attendance and participation in discussions at all meetings, making the quality of their decision-making rigorous, effectively evaluated and supervised the internal control system so that it functions properly.
				Self-Evaluation of the individual board director: · Control over the Company's objectives and tasks. · Understanding the responsibilities of the Board of Directors. · Participation in the Company's operations. · Management and communication of the internal relationship. · Directors' professional and continuous training · Internal control.	The evaluation results show that the Directors of the Company (including the independent Directors are professionally competent and their participation in the operation of the Company is helpful to the Board of Directors in making decisions and strengthening the operation of the Company.

5. The current and most recent year's objectives and implementation status for enhancing the Board of Directors' functions:
   (1) The Company's Board of Directors operates in accordance with the Company Act and the Securities and Exchange Act and other relevant regulations. In order to strengthen the functions of the Company's Board of Directors and improve its supervisory role, the Audit Committee and the Remuneration Committee are established in accordance with the provisions of the laws and regulations, while each functional committee assists the Board of Directors in strengthening its corporate governance and supervisory responsibilities under its authority.
   (2) The Board of Directors has continued to strengthen its functions and corporate governance operations in recent years. At the 8th meeting of the 16th Board of Directors on May 2, 2019, the Board of Directors resolved to adopt the "Standard Operating Procedures for Directors' Requests", which allows the Directors to receive supplementary materials in a timely manner through the agenda working group or to communicate with the management team when the meeting materials are insufficient or unclear, in order to strengthen the decision-making efficiency of the Board of Directors.
   (3) At the 19th meeting of the 16th Board of Directors on December 21, 2020, the Company resolved to adopt the "Self-Evaluation or Peer Evaluation of the Board of Directors" and conduct a Board of Directors' evaluation in early 2021 to strengthen the functions of the Board of Directors through the feedback and suggestions from the Board of Directors.

<2> Operation of the Audit Committee

1. There are 3 members in the audit committee of this Company.
2. The Audit Committee convened a total of 6 meetings in 2020. The presence and attendance of the Independent Directors is as follows:

Job title	Name	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance rate (%)	Remark
Independent Director (Convener)	Robert Hung	6	0	100	There are a total of 6 meetings in 2020.
Independent Director	Rex Yang	6	0	100	
Independent Director	Sean Chao	6	0	100	

3. The highlights for FY 2020 are summarized as follows:
   (1) To review the 2019 business report, financial report and earnings distribution.
   (2) To review the financial reports for the 1st to 3rd quarters of 2020.
   (3) To review the amendment to the procedures for loaning funds to other parties and endorsement guarantee.
   (4) To review the provision of guarantees of the Company.
   (5) To review the budget for FY 2021.
   (6) To review the amendment of the 2020 audit plan and the 2021 audit plan.

Other matters that require reporting:

1. The matters listed in Article 14-5 of the Securities and Exchange Act:

Date of Meeting	Name of Meeting	Major Resolutions	Implementation
January 17, 2020	The 13th meeting of the 16th Board of Directors	1. In order to meet the capital needs of Dexco Polymers L.P., the subsidiary of the Company financed the capital of Dexco Polymers L.P. by increasing capital and issuing new shares.	All members of the Audit Committee attended the meeting on 2020/1/14, completed the review and submitted to the Board of Directors for resolution.
March 17, 2020	The 14th meeting of the 16th Board of Directors	1. To prepare the Company's 2019 annual financial report and business report. 2. To propose the Company's 2019 earnings distribution. 3. To amend the "Procedures for Loaning Funds to Other Parties" of the Company. 4. To amend the "Procedures for Endorsement and Guarantee" of the Company. 5. To propose the 2019 Statement of Internal Control System. 6. To amend the Company's budget for the construction of butadiene storage tank at Kaohsiung Intercontinental Petrochemical Oil Center II.	All members of the Audit Committee attended the meeting on 2020/3/10, completed the review and submitted to the Board of Directors for resolution.
May 7, 2020	The 15th meeting of the 16th Board of Directors	1. To provide the guarantee for the loan agreement between the Indian Synthetic Rubber Private Limited and the Bank. 2. To provide the guarantee for the loan agreement between TSRC (Vietnam) Company Limited, a subsidiary of the Company, and the bank.	All members of the Audit Committee attended the meeting on 2020/4/30, completed the review and submitted to the Board of Directors for resolution.
August 6, 2020	The 16th meeting of the 16th Board of Directors	1. Amendments to the guarantee provided by the Company to its subsidiary, Indian Synthetic Rubber Private Limited, for the loan from the bank.	All members of the Audit Committee attended the meeting on 2020/7/30, completed the review and submitted to the Board of Directors for resolution.
November 3, 2020	The 17th meeting of the 16th Board of Directors	1. To appoint a certified public accountant to audit the 2021 financial statements. 2. To provide the guarantee for the financing and foreign exchange credit with banks for ARLANXEO-TSRC (Nantong) Chemical Industrial Co., Ltd	All members of the Audit Committee attended the meeting on 2020/10/27, completed the review and submitted to the Board of Directors for resolution.
December 3, 2020	The 18th meeting of the 16th Board of Directors	1. The FY 2021 Audit Plan.	All members of the Audit Committee attended the meeting on 2020/11/26, completed the review and submitted to the Board of Directors for resolution.

2. Other resolutions that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None
3. Implementation of Director's evasion of interest resolutions: None
4. The communication among the Independent Directors, the internal audit director and the accountant:
   (1) Internal auditing officers submit various internal audit reports to independent directors, attending the audit committee and board meetings to report on internal auditing.
   (2) Internal auditing officers and independent directors communicate via E-mail or meetings throughout the year when necessary.
   (3) The Company's CPA will report auditing or review results for the annual and quarterly financial statements as well as updates to related laws and regulations during the audit committee meetings
   (4) Communications between Independent Directors and Internal Auditing Officers in 2020:

Date	Method	Main Issue	Results
January 14, 2020	audit committee	Recent Audit Office report	Notified the committee and submitted to the Board of Directors.
March 10, 2020	audit committee	2020 Declaration of Internal Control System	Submitted to the Board of Directors for discussion after being audited by the committee.
May 7, 2020	audit committee	Recent Audit Office report	Notified the committee and submitted to the Board of Directors.
August 6, 2020	audit committee	Recent Audit Office report	Notified the committee and submitted to the Board of Directors.
November 3, 2020	audit committee	Recent Audit Office report	Notified the committee and submitted to the Board of Directors.
December 3, 2020	audit committee	2021 annual auditing plan	Submitted to the Board of Directors for discussion after being audited by the committee.

   (5) Summary of Communications between Independent Directors and CPAs in 2020:

Date	Method	Main Issue	Results
March 10, 2020	audit committee	1. 2019 financial reports 2. The impacts of COVID-19 3. Self-generated financial reports 4. Updates on important regulations	Notified the committee
May 7, 2020	audit committee	1. First quarterly financial report in 2020. 2. Updates on important regulations	Notified the committee
August 6, 2020	audit committee	1. Second quarterly financial report in 2020. 2. Updates on important regulations	Notified the committee
November 3, 2020	audit committee	1. Third quarterly financial report in 2020. 2. Updates on important regulations	Notified the committee

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

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
1. Has the Company abided by the" Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" to formulate and disclose the corporate governance best practice principles?		√	The Company has referred to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies when establishing relevant corporate policies to implement and promote corporate governance.	The Company has referred to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies when establishing relevant policies in its current practice. The Company will amend policies or establish best-practice principles subject to the implementation of corporate governance practices and the regulations related to corporate governance.
2. Equity structure and shareholders right (1) Has the Company formulated internal SOP for handling shareholders' suggestions, doubts, disputes, litigations and implemented them according to the SOP?		√	(1) The Company has provided the contact information on its company website and designated appropriate departments to handle shareholder suggestions, concerns, disputes, or litigation matters. In addition, there are relevant functional departments for handling the suggestions, doubts, disputes and litigation matters of the shareholders.	There are designated departments responsible for handling shareholder-related matters in current practice.
(2) Does the Company hold a list of the Company's key shareholders and their ultimate controllers?	√		(2) Disclose the list of main shareholders in the Company and their ultimate controllers in accordance with the law	No difference
(3) Has the Company established and implemented risk control and firewall mechanism with its affiliated companies?	√		(3) There is a clear distinction and proper firewall mechanism established for the management goal and responsibilities of personnel, assets and finance between the Company and affiliates. In addition, the audit unit implements measures for internal audits and internal control to ensure the risk control, management and law compliance.	No difference
(4) Has the Company stipulated internal regulations prohibiting inside personnel trading securities using information that has not yet been disclosed on the market?	√		(4) The Company establishes principles and advocate or offer training for Codes of Ethical Conduct and Codes of Conduct on a yearly basis.	No difference
3. The organization of the Board of Directors and their duties (1) Has the Company established a diversity policy for the composition of its Board of Directors and implemented accordingly?	√		(1) In accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Company shall consider actual Company demands while electing directors and implement diversified policies in consideration of directors' professional skills (i.e., finance, accounting, risk management, business management, etc.), experience (i.e., bank, corporate finance, accounting, securities, chemical engineering industries, construction, technology, etc.), and personal skills. The board is comprised of 7 directors, of which 3 are independent directors (43% of the board) and 1 is a female director (14% of the board). Directors and independent directors have a set of diverse professional domains, industry backgrounds, personal skills, etc. and complement each other accordingly. The strong background and professional perspectives ensure that the board and other functional committees are effective.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
(2) Besides creating the Remuneration Committee and the Audit Committees according to the law, has the Company voluntarily established other functional committees?		√	(2) Considering the needs of business operations, the Company has set up functional committees such as Audit Committee and Remuneration Committee.	Considering the management of business operations, the Company will not set up other functional committee for now.
(3) Does the Company formulate the Regulations for the Performance Evaluation of the Board of Directors and its evaluation method? Does the Company conduct performance evaluations regularly every year, and submit and report the results of the performance evaluations to the Board of Directors, and take the results as a reference for the compensation and nomination renewal of individual directors?	√		(3) The Company has established measures for the evaluation of the board of directors in accordance with the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers. Results of the evaluations have been submitted to the board and will serve as reference in determining additional office terms.	No difference
(4) Does the Company evaluate accountant independence on a regular basis?	√		(4) The Company hires a CPA every year and evaluates the independence and suitability of the CPA and the accounting firm. Independence evaluations include investigations into whether there are vested financial interests or loans existing between the CPA and the Company; whether the CPA has served at the Company or affiliated companies; or whether the CPA has been retained for auditing services for seven consecutive years, etc. Suitability evaluations include qualifications, background in audits, non-audit services and consultation, etc. The evaluation report will be submitted to the board with a Statement of Independence from the CPA for deliberation and hiring (Note)	No difference
4. Does the Company have an adequate number of corporate governance personnel with appropriate qualifications as well as a corporate governance officer in charge of relevant corporate governance matters (including but not limited to providing data required for director and supervisor operations, assisting directors and supervisors with regulatory compliance, handling matters relating to board meetings and shareholders meetings according to laws, as well as producing minutes for such meetings)?	√		The Company has an adequate number of corporate governance personnel in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies to assist in corporate governance matters. A corporate governance officer shall be appointed during the 21st Meeting of the 16th Board of Directors to help directors carry out their duties, assist the board's operations and legal compliance, strengthen the Company's governance structure, and ensure sustainable development under a strong framework.	Corporate governance officers are appointed in accordance with the regulations.
5. Does the Company maintain channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers) and designate a stakeholders section on its website as well as properly respond to critical corporate social responsibility issues that stakeholders are concerned with?	√		The Company has designated departments responsible for communicating with stakeholders. The handling of stakeholders' opinions is supervised by the Board of Directors.	No difference
6. Has the Company commissioned professional securities institutions to handle shareholders' meetings?	√		We commissioned SinoPac Holdings to handle the shareholders' meeting.	No difference
7. Disclosures (1) Does the Company set up a website to disclose financial business and corporate governance?	√		(1) The Company's website is available in Traditional Chinese, English, and Simplified Chinese. The Company regularly discloses annual report and company information and announces material information by the Company's spokesperson on its website.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
(2) Does the Company also adopts other means for disclosure. (i.e. English web site, personnel dedicated to collect and disclose Company information, establishment of a spokesperson policy, disclosure of the process of investor conference on Company web site, etc.)	√		(2) In order to enhance the information transparency and services to investors, including adding financial information via properly utilizing public information systems and the official website of TSRC and implementing speaker systems, TSRC holds investor conferences annually and live streams important message to shareholders.	No difference
(3) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second and third quarter financial reports and operating conditions of each month before the limitation date provided?		√	(3) Taking into account the time and actual operation of the accountant audit operation of the Company, we announced and reported the annual financial report within the period provided by the acts. In the future, we will announce and declare the first, second and third quarter financial reports and the operating conditions of each month according to the operation planning.	Financial statement shall be announced within legal period, and the actual time may be adjusted in the future if necessary.
8. Is there any other important information that will facilitate the understanding of the Company's corporate governance operations (including but not limited to employee rights, employee care, investor relations, sup plier relations, stakeholders' rights, further education of directors and supervisors, implementation of risk management policy and risk evaluation standards, client policy implementation, Company's liability insurance for its directors and supervisors and so on)?	√		The Company's governance covers employees' rights and interests, employee assistance, investor relations, supplier relations, stakeholder rights, and continuing professional education of directors and supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, and liability insurances purchased by the Company for directors. All the above will be disclosed in annual reports and CSR reports through appropriate mechanisms. The Company has established important regulations such as the Rules Governing the Scope of Powers of the Board of Directors, Level of Authority Table for TSRC, and Measures for Delegation of Responsibilities to clearly define authorities bestowed to the board of directors, clarify delegation of powers and duties between the board and managers, and various risk control measures.	No difference
9. Please indicate the improvement in respect to the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and propose priority enhancements and measures for those which have not improved. 1. Increase transparency of information disclosure, including website disclosure on corporate governance, board and committee operations, communication between independent directors, internal auditing officers, and CPAs, insider trading prevention, information on major shareholders, etc. 2. Continue to comply with the Corporate Governance 3.0 Blueprint to advance job functions of the board, improve information disclosure, and release financial statements and ESG information earlier.				

Note:
2020 CPA Independence Evaluation Report
(1) Evaluation year: 2020.
(2) Evaluating CPA: KPMG Taiwan/Ming Hung Huang, Lin Wu

No.	Item	Results	
		Yes	No
1	CPA does not have financial interest or business relations with the Company and therefore remains independent.	√	
2	CPA has not served as director, supervisor, manager, or in any other positions of major influence in auditing within the past two years.	√	
3	CPA does not serve in any management positions with an impact on corporate decisions in the Company.	√	
4	CPA does not regularly work at the Company or receive a fixed income from the Company.	√	
5	CPA did not accept any requests from management for inappropriate selection of accounting policies or inappropriate disclosure on financial statements.	√	
6	No loans between CPA and the Company and/or affiliated companies.	√	

No.	Item	Results: Yes	Results: No
7	CPA has not offered auditing services to the Company for seven consecutive years.	√	
8	CPA and audit team has issued a Statement of Independence in Fact.	√	

<4> Information on Compensation Committee:

The major duties of the Remuneration Committee:

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

(a) Information on Compensation Committee

The identity		Independent Director	Independent Director	Independent Director
		Robert Hung	Sean Chao	Rex Yang
Whether they possess work experience of more than five years and the following professional qualifications	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic departments related to the business needs of the Company in a public or private college or university			
	A judge, prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company			
	Has work experience in business, law, finance, accounting, or otherwise necessary for the business of the Company	√	√	√
Compliance with the circumstances for independency	(1)	√	√	√
	(2)	√	√	√
	(3)	√	√	√
	(4)	√	√	√
	(5)	√	√	√
	(6)	√	√	√
	(7)	√	√	√
	(8)	√	√	√
	(9)	√	√	√
	(10)	√	√	√
Number of other public companies in which he/she serves as an independent director concurrently		0	2	0
Remarks				

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

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

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

the local country by, and concurrently serving as such at, a public company and its parent company or subsidiary or a subsidiary of the same parent company).

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

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

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

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

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

(b) Operational information of the Remuneration Committee

1. There are 3 members in the Remuneration Committee of the Company.
2. The term of the 16th committee members shall be from June 22nd 2018 to June 21st, 2021. The 16th Remuneration Committee held 6 meetings in 2020. The attendance of members in the remuneration committee meetings is specified as follows:

Job title	Name	Frequency of actual attendance	Frequency of proxy attendance	Actual attendance rate (%)	Remark
Independent Director (Convener)	Sean Chao	6	0	100	There are a total of 6 meetings in 2020.
Independent Director	Robert Hung	6	0	100	
Independent Director	Rex Yang	6	0	100	

Other matters that require reporting:

1. The Remuneration Committee held the meetings to review the evaluation of directors/managers' performance, remuneration, or employee compensation and benefits system in accordance with the authority of the Remuneration Committee, and submitted to the Board of Directors to discuss after the reviews.
Operating status of the Remuneration Committee in 2020:

Meeting Date	Meeting Name	Major Resolutions	Implementation Status
January 14, 2020	The 6th meeting of the 16th session	1. 2019 employee performance bonus plan. 2. 2020 employee remuneration plan. 3. The 2020 managerial performance plan.	Reviewed and adopted by all members present and submitted to the Board of Directors for discussion.
March 10, 2020	The 7th meeting of the 16th session	1. Performance evaluation and bonus for the managers. 2. Manager's remuneration plan.	
April 30, 2020	The 8th meeting of the 16th session	2019 remuneration for the Company's directors.	
October 27, 2020	The 9th meeting of the 16th session	Amendments to the remuneration and welfare system of the employees.	
November 26, 2020	The 10th meeting of the 16th session	Appointment of the Company's managers	
December 21, 2020	The 11th meeting of the 16th session	Establishing the "Performance Evaluation Method of the Board of Directors" of the Company.	

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

<5> Fulfillment of social responsibility

Assessment Items	Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Description	
1. Does the company carry out risk assessments of environmental, social and corporate governance related to the company's operations in accordance with the materiality principle, and establish relevant risk management policies or strategies?	√		The Company performs risk management through existing departments or functional units in the organization, and based on external issues, including economic / environmental / social aspects, identifies risks / events that may have an impact on business objectives. After evaluating, the Company determines appropriate response measures to mitigate, transfer or avoid risks. Each functional department of the Company reports the risk environment, main points of risk management, risk assessment and response measures to the management level in accordance with the evaluation operation of internal control system and management system review every year, and then the audit unit reports regularly to the audit committee, which gives opinions on the risk assessment and impact, and reports to the Board of directors.	No difference
2. Has the Company established a dedicated (part-time) unit for CSR, which is managed by senior executives and authorized by the board of directors, and reports to the board of directors?	√		The Company has established a CSR Steering Committee led by the CEO to serve as the most senior steering unit for related systems, policies, and programs. Functional committees such as the Corporate Governance Committee, Employee Assistance Committee, Environmental Campaign Committee, External Communications Committee, Social Assistance Committee are established under the steering committee to meet various CSR indicators and manage performance. For CSR advocacy, the administration center is responsible for compiling and issuing the annual report, regularly reporting progress to the steering committee, and compiling CSR efforts during the year to the board of directors.	No difference
3. Environmental Issues: (1) Has the Company established an environmental management system according to the industry characteristics?	√		(1) The Company's ISO 14001 Environmental Management System / ISO 50001 Energy Management System / QC 080000 (Hazardous Substances Process Management System) continue to be in effective operation.	No difference
(2) Is the Company committed to improving resource efficiency and the use of renewable materials with low environmental impact?	√		(2) For the production process, The Company introduces the principle of "maximizing the utilization of energy and resources." The Company endeavors to minimize the consumption of energy and resources required in production by improving the design of the production process and efficiency, and recycling raw materials, as well as to continue to develop and produce new green products. For the use of fuels for furnaces, The Company also uses natural gas to replace fuel oils in order to reduce pollution.	No difference
(3) Does the Company evaluate the potential current and future climate change risks and opportunities and take response measures?	√		(3) The Company performs risk management through existing departments or functional units in the organization, and based on external issues, including economic / environmental / social aspects, identifies risks / events that may have an impact on business objectives. After evaluating, the Company determines appropriate response measures to mitigate, transfer or avoid risks. The Company has long been concerned about climate change issues, and has actively promoted water conservation measures by increasing the process wastewater recovery rate and capacity allocation, etc., to respond to global climate change and the related water shortages.	No difference

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

Assessment Items	Status			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Abstract Description	
4. Social Issues (1) Does the Company establish relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	√		(1) The Company uses the Labor Standards Act and related labor laws as the basis for formulating employee attendance, leave and overtime management regulations. Strict rules are enforced to prohibit forced labor, and all regulations are clearly documented in the CSR manifesto.	No difference
(2) Has the Company established well managed employee welfare measures (include salary and compensation, leave and others), and linked employee compensation to operational performance or achievements ?	√		(2) The Company ensures reasonable salary and compensation by the remuneration committee and compensation management policies. Performance is evaluated according to the appraisal system and reflected in the salary and compensation.	No difference
(3) Does the Company provide the employees with safe and healthy working environment and carry out regular training courses regarding safety and health of the employees?	√		(3) In accordance with the Occupational Safety and Health Act, the Company regularly monitored the job site every six months to identify employee exposure and manage according to risk levels; the Company strives to build a humanistic workplace and pursues targets of zero accidents and zero injuries through principles of technical, health and safety culture, responsibility, and communication. The Company conducts regular emergency response, disaster safety training, annual health checkups, health lectures, counseling, safety monitoring of job sites, etc. to raise awareness of health and safety among employees.	No difference
(4) Has the Company established effective career development training programs?	√		(4) The policy and the direction set for the training program are for the purpose of enhancing employee professional skills and increasing competitiveness to respond to the changes in future market and business environment. Every year, the annual education and training program is devised according to the internal employee training regulation, Company's management guideline, organizational demand and relevant laws, where new employee and current employee general knowledge, professional skill, management competency, qualification and certification are organized. Furthermore, the goal of "lifelong learning" is materialized through internal and external training.	No difference
(5) Has the Company stipulated policies and complaint filing protocols to protect the consumers' rights throughout the R&D, procurement, production, operations and service process?	√		(5) The customers whom the Company faces are not the end consumers, but the downstream manufacturers. The Company ensures customers' health and safety when using its products through annual interactive seminars and interviews (email, telephone interview, questionnaire, etc.). In the event of receiving customer complaints on product quality or hazardous substance, the Company's Quality Assurance Section would convene relevant units/ departments to investigate the issues and find solutions to improve the quality of product and services. In addition, the Company sets up a CSR-focused email account (csr.admin@tsrc.com) along with a stakeholder section to communicate with various stakeholders and provide feedback.	No difference

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

<6> Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
1. Define the program for operation in good faith (1) Does the Company clearly state the policy and the practice of ethical corporate management in the regulations and external documents when formulating the ethical corporate management approved by the Board of Directors, and do the board of directors and senior management level actively implement the ethical corporate management policy? (3) Does the Company establish an evaluation mechanism for the risk of dishonesty behaviors, regularly analyzes and evaluates business activities with a higher risk of dishonesty behaviors in the business scope. Based on the mechanism, does the Company formulate a plan for preventing dishonesty behaviors, at least covering the preventive measures in the second paragraph of Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies?" (3) Does the Company clearly set up the operating procedures, behavior guidelines, punishment and appeal system for violations in the plan of preventing dishonesty, implement it, and regularly review and revise the above-mentioned plan?	√ √ √		1. All of the Company's directors and employees carry out duties in compliance with the Code of Ethical Conduct and Code of Conduct. The Company also emphasizes its determination and focus on business integrity in its mission, vision, and core functions. The Company clearly ruled that when carrying out company affairs internally and externally based on designated job functions, employees and directors must deploy resources and assets efficiently, protect trade secrets, Prevent insider trading, comply with anti-trust laws, ensure fair trade, prevent conflict of interest, prevent opportunities for personal gains, ban briberies, regulate internet use, and regulate outside part-time work. Punishments for violations will be handled in compliance with the Company's Guidelines for Reward and Punishment. 2. The secretariat for the board of directors, corporate department, and human resources and management department will be responsible for enforcing the guidelines against different stakeholders.	No difference
2. Fulfillment of operation in good faith (1) Has the Company assessed the ethical record of its partners and stipulated the ethical behavior clause in the contract? (2) Does the company have a dedicated unit to promote ethical corporate management under the Board of Directors, and regularly (at least once a year) report to the Board of Directors about its policy on ethical corporate management, plans to prevent dishonesty and monitor implementation? (3) Has the Company stipulated policies to prevent the conflict of interest, provided adequate complaint channel and ensured of its proper implementation? (4) Does the Company establish an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal auditing system. Based on the results of the assessment of the risk of dishonesty behaviors, the audit unit should draw up relevant audit plans, and based on it, check if the plan of preventing dishonest behavior is followed, or commission an accountant to perform the check? (5) Has the Company regularly organized internal and external education and training concerning ethical management?	√ √ √ √ √		1. We make sure that we only conduct business with qualified suppliers through the "Supplier Evaluation and Management Regulation", and we announce our stance on refusing to collaborate with unethical companies to our suppliers when enquire for quotation. 2. All of the Company's directors and employees complied with the "Ethical Code" and "Code of Professional Conduct" promulgated by the Company when performing their duty. Meanwhile, the Company also highlighted its determination to fulfill the operation in good faith in its enterprise cultural declarations about enterprise mission, enterprise view and core competency, and expressly defined the disciplinary procedure for violations in said codes in accordance with the Company's "Reward & Punishment Policy". 3. The Company has developed annual audit plan every year to audit its operation of accounting and internal control system.	No difference

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

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

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

<8> Other crucial information to better understand the implementation of corporate governance.

1. In-service Training

Job title	Name	Date of Training	Organizer	Program(s)	Hours
Chairman	Nita Ing	November 20, 2020	Securities & Futures Institute	Business strategies and corporate governance on coping with non-sustainability risks: a perspective from COVID-19 pandemic.	3
			Securities & Futures Institute	Information security and risks	3
Director	Chin-Shan Chiang	November 20, 2020	Securities & Futures Institute	Business strategies and corporate governance on coping with non-sustainability risks: a perspective from COVID-19 pandemic.	3
			Securities & Futures Institute	Information security and risks	3

Job title	Name	Date of Training	Organizer	Program(s)	Hours
Director	Jing-Lung Huang	November 20,2020	Securities & Futures Institute	Business strategies and corporate governance on coping with non-sustainability risks: a perspective from COVID-19 pandemic.	3
		November 24, 2020	Taiwan Corporate Governance Association	Corporate governance 3.0 The blueprint for sustainable development	3
Director	John T. Yu	May 06, 2020	Taiwan Corporate Governance Association	Analysis on coping with financial situation during stressed events-the case study on U.S. –China trade war and COVID-19 pandemic.	3
		August 05, 2020	Securities & Futures Institute	5G key technology and business opportunity	3
Independent Director	Robert Hung	November 20, 2020	Securities & Futures Institute	Business strategies and corporate governance on coping with non-sustainability risks: a perspective from COVID-19 pandemic.	3
			Securities & Futures Institute	Information security and risks	3
Independent Director	Sean Chao	September 11, 2020	Taiwan Association of Board Governance	The second forum for board of directors governance efficacy	3
		September 29, 2020	Taiwan Corporate Governance Association	Case study on contest for corporate control	3
		October 22, 2020	Taiwan Corporate Governance Association	Antitrust law analysis: the case study on HP v. Quanta Storage Inc.	3
Independent Director	Rex Yang	November 20, 2020	Securities & Futures Institute	Business strategies and corporate governance on coping with non-sustainability risks: a perspective from COVID-19 pandemic.	3
			Securities & Futures Institute	Information security and risks	3

2. Procedures for handling material inside information

The Company has implemented "Procedures for handling materials inside information" to establish a sound mechanism for the handling and disclosure of material inside information. The Procedures have been announced and made accessible internally, and apply to all directors, supervisors, managerial officers, and employees of the Company, and any other person who acquires knowledge of the Company's material inside information due to their position, profession, or relationship of control. The Company has also conducted educational campaigns or training programs to promote the awareness of these procedures and relevant laws and regulations.

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

1. A statement of Internal Control

TSRC Corporation
A statement of Internal Control

Date: March 11, 2021

In accordance with the result of self-evaluation of the internal control system in 2020, the Company hereby declares as follows:

1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and managerial officers, and that the Company has already established such a system. The purpose is to provide reasonable assurance regarding the achievement of objectives such as the effectiveness and efficiency of business operations (including profitability, performance, and security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and by laws.
2. There is limitation inherent to internal control system, no matter how perfect the design is. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the Company features the self-monitoring mechanism. Once identified, any shortcomings will be corrected immediately.
3. The Company judges the effectiveness of the internal control system in design and enforcement in accordance with the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "the Criteria") promulgated by the Securities and Futures Commission of the Ministry of Finance. The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control system. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control is composed by five elements, namely, 1. Control Environment 2. Risk Evaluation 3. Control Operation 4. Information and Communication and 5.Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the Criteria for detail.
4. The Company has adopted the above criteria for the internal control system to assess the effectiveness of the design and operation of its internal control system.
5. In accordance with the aforesaid evaluation result, the Company believes that the internal control system as of December 31, 2020 (supervision and management over subsidiaries), including understanding the effect of operation, the attainment rate and report of the efficiency goal are reliable, timely, and transparent, and the design and implementation of the internal control system are in compliance with the regulations and effective and reasonably ensure the attainment of the aforesaid goals.
6. This statement of declaration shall form an integral part of the annual report and prospectus on the Company and will be announced. If there is any fraud, concealment and illegal practice discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.
7. This statement of declaration has been approved by the Board on March 11, 2021 with presence of 7 directors at unanimous consent.

TSRC Corporation

Chairman: Nita Ing

CEO: Joseph Chai

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

<10> If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices: no

<11> The important resolutions made by shareholders' regular meetings and board of directors' meeting in 2020 and until the annual report being published.

1. The important resolutions made by shareholders' regular meetings in 2020	The status of implementation
(1) To adopt the 2019 Business Report and Financial Statements	Resolutions adopted.
(2) To adopt the 2019 earnings distribution	RESOLVED, by the Board of Directors, to set July 25, 2020 as the ex-dividend date for the distribution of cash dividends of NT$0.5 per share and the payment date is August 20, 2020.
(3) To approve the amendment to the "Articles of Incorporation"	RESOLVED. The registration was approved by the competent authority on July 8, 2020.
(4) To approve the amendment to the "Procedures for Endorsement and Guarantee"	RESOLVED. The resolution has been adopted and fully implemented in accordance with the resolution of the shareholders' meeting.
(5) To approve the amendment to the "Procedures for Loaning Funds to Other Parties"	RESOLVED. The resolution has been adopted and fully implemented in accordance with the resolution of the shareholders' meeting.
(6) To approve the amendment to the " Rules for Election of Directors"	RESOLVED. The resolution has been adopted and fully implemented in accordance with the resolution of the shareholders' meeting.

2. Important resolutions made by board of directors' meetings	
Date	Important resolutions
May 07, 2020	Resolved to amend the agenda for the 2020 Annual Meeting of Shareholders. The announcement was made in accordance with Article 25, Item 1, Paragraph 4 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".
June 30, 2020	Resolved the ex-dividend date and payment date for the cash dividends.
November 03, 2020	The consolidated financial statements for the 3rd quarter of 2020. Resolved to remove the restriction of the competition prohibition for the managerial personnel.
December 03, 2020	Resolved to remove the restriction of the competition prohibition for the managerial personnel.
March 11, 2021	Resolved to adopt the consolidated financial statements for FY2020. Resolved to adopt the 2021 annual meeting of shareholders. Resolved to adopt the earnings distribution for FY2020. Resolved to adopt the disposal of land and buildings. Resolved to adopt the appointment of corporate governance personnel. Resolved to remove the restriction of the competition prohibition for the managerial personnel.

<12> Whether any director or supervisor has shown dissent against any important resolution made by the Board of Directors, which is also included in a written statement or recorded resolution in 2020 and until the annual report being published : None

<13> In the year of 2020 and as of the date of publication, the resignation and dismissal of the Company's chairman, chief executive officer, chief of accountant, chief financial officer, chief of internal audit, chief of corporate governance and chief of research and development: None

V. Information on CPA professional fee

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

Unit: thousand NTD

Name of the accounting firm	Name of the CPA	Audit fee	Non-audit fee					CPA's audit period	Remarks
			System design	Industrial & commercial registration	Human resource	Other	Subtotal		
KPMG Taiwan	Ming Hung Huang Lin Wu	9,265	0	10	0	202	212	January 1, 2020 to December 31, 2020	Other non-audit fees include direct deduction for business tax and salary review fees for non-executive positions.

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

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

<4> If the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more : Not applicable

VI. Information on replacement of CPA-None

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

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

Job title	Name	2020		As of March 20, 2021	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman	Nita Ing	-	-	-	-
Director Corporate representative of the director	Wei-Dar Development Co., Ltd. Nita Ing	- -	- -	- -	- -
Director Corporate representative of the director Corporate representative of the director Corporate representative of the director	Han-De Construction Co., Ltd. Jing-Lung Huang Chin-Shan Chiang John T. Yu	- - - -	7,996,000 - - -	- - - -	- - - -
Independent Director	Robert Hung	-	-	-	-
Independent Director	Sean Chao	-	-	-	-
Independent Director	Rex Yang	-	-	-	-
CEO	Joseph Chai (Note1)	-	-	-	-
Sr. Vice President	Wing-Keung Hendrick Lam	-	-	-	-
Vice President	Edward Wang	-	-	-	-

Job title	Name	2020		As of March 20, 2021	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Vice President	Qiwei Lu	-	-	-	-
Vice President	Kevin Liu	-	-	-	-
Vice President	Chi-Wei Hsu	-	-	-	-
Vice President	R. L. Chiu (Note2)	-	-	-	-
Vice President	Alison Tung (Note2)	-	-	-	-

Note 1 : Holding shares in the name of others.
Note 2 : R. L. Chiu retired on April 16, 2020 and Tong, Alison Tung resigned on October 2, 2020.

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

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

July 25, 2020

Name	Share(s) held personally		Shares currently held by their spouses and children of minor age		Shares held in another person's name		Names and relationship of any of the top ten shareholders and their spouses or relatives of 2nd degree of relationship who are related defined in the Statement		Remarks
	Share(s)	(%)	Share(s)	(%)	Share(s)	(%)	Name/name	Relationship	
Panama Banco industrial Company	69,524,417	8.42	0	-	0	-	Han-De Construction Co., Ltd. Wei-Dar Development Corporation Tamerton Group Limited Miriton Investment Corporation	Related-party	
Han-De Construction Co., Ltd. Chairman: Jing-Lung Huang	63,093,108	7.64	0	-	0	-	Wei-Dar Development Corporation	Chairman of the same person	
							Wei-Dar Development Corporation Panama Banco industrial Company Tamerton Group Limited Miriton Investment Corporation	Related-party	
Wei-Dar Development Corporation Chairman: Jing-Lung Huang	53,708,923	6.50	0	-	0	-	Han-De Construction Co., Ltd.	Chairman of the same person	
							Han-De Construction Co., Ltd. Panama Banco industrial Company Tamerton Group Limited Miriton Investment Corporation	Related-party	
Formosa Plastics Marine Corporation Chairman: Wen-Chao Wang	41,201,000	4.99	0	-	0	-	No	No	

Name	Share(s) held personally		Shares currently held by their spouses and children of minor age		Shares held in another person's name		Names and relationship of any of the top ten shareholders and their spouses or relatives of 2nd degree of relationship who are related defined in the Statement		Remarks
	Share(s)	(%)	Share(s)	(%)	Share(s)	(%)	Name/name	Relationship	
Tamerton Group Limited	34,578,143	4.19	0	-	0	-	Han-De Construction Co., Ltd. Wei-Dar Development Corporation Panama Banco industrial Company Miriton Investment Corporation	Related-party	
CITI Bank Taiwan branch in custody for Government of Singapore Investment Fund	34,028,332	4.12	0	-	0	-	No	No	
Hao Ran Foundation	28,171,319	3.41	0	-	0	-	No	No	
CITI Bank Taiwan branch in custody for Government of Norges Bank investment account	14,569,826	1.71	0	-	0	-	No	No	
Cathay Life Insurance Co. Ltd. Chairman: Tiao-Huei Huang	14,546,373	1.8	0	-	0	-	No	No	
Miriton Investment Corporation	14,151,148	1.7	0	-	0	-	Han-De Construction Co., Ltd. Wei-Dar Development Corporation Panama Banco industrial Company Tamerton Group Limited	Related-party	

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

Unit: shares; %

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

Note: Long-term investments accounted for using equity method.

Information on capital raising activities

I. Capital and shares

<1> Source of capital stock

March 20, 2021

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

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

March 20, 2021

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

Information related to general report system-Not applicable

<2> Shareholders' structure

July 25, 2020

Shareholder's Structure / Quantity	Government Agencies	Financial Institutions	Other juridical persons	Individual	Foreign Institutions & Natural Persons	Total
Number of persons	3	13	216	87,107	273	87,612
Share(s)	702,024	15,112,661	204,435,298	368,997,196	236,462,799	825,709,978
Stake(%)	0.08	1.83	24.76	44.69	28.64	100.00

<3> Diffusion of ownership

Par value NTD10/ July 25, 2020

Range of shares held	Number of shareholders	Shares held	Stake (%)
1- 999	38,165	7,083,735	0.86
1,000- 5,000	34,764	77,069,805	9.33
5,001- 10,000	7,501	55,889,109	6.78
10,001- 15,000	2,609	32,630,591	3.95
15,001- 20,000	1,415	25,751,408	3.12
20,001- 30,000	1,325	33,352,839	4.04
30,001- 50,000	920	36,578,844	4.43
50,001- 100,000	558	39,751,593	4.81
100,001- 200,000	194	26,509,341	3.21
200,001- 400,000	94	25,755,745	3.12
400,001- 600,000	18	9,037,708	1.09
600,001- 800,000	10	6,949,037	0.84
800,001- 1,000,000	5	4,762,886	0.58
1,000,001 above	34	444,587,337	53.84
Total	87,612	825,709,978	100.00

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

<4> Major shareholders

July 25, 2020

Shares / Shareholders	Shares held	Stake (%)
Panama Banco Industrial Company	69,524,417	8.42
Han-De Construction Co., Ltd.	63,093,108	7.64
Wei-Dar Development Corporation .	53,708,923	6.50
Formosa Plastics Marine Corporation	41,201,000	4.99
Tamerton Group Limited	34,578,143	4.19
CITI bank Taiwan branch in custody for Government of Singapore Investment Fund	34,028,332	4.12
Hao Ran Foundation Statutory	28,171,319	3.41
CITI Bank Taiwan branch in custody for Government of Norges Bank investment account	14,569,826	1.76
Cathay Life Insurance Co. Ltd.	14,546,373	1.76
Miriton Investment Corporation	14,151,148	1.71

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

Unit: NTD

Fiscal year / Item			2020	2019	As of March 20,2021
Market price per share	Maximum		24.30	29.60	30.00
	Minimum		12.90	23.80	19.50
	Average		18.94	26.41	24.77
Net worth per share	Before distribution		17.12	18.02	-
	After distribution		(Note 1)	17.52	-
Earnings per share	Weighted average share(s)		825,709,978	825,709,978	825,709,978
	EPS	Before adjustment	(0.03)	0.90	-
		After adjustment	(Note 1)	0.90	-
Dividends per share	Cash dividend (Note 1)		0.36	0.50	-
	Dividends (Note 1)	Dividend distributed from earnings	0	0	-
		Dividend distributed from additional paid-in capital	-	-	-
	Cumulative outstanding dividends(Note 2)		-	-	-
Cash dividend yield	Price-earnings (P/E) ratio (Note 3)		-	29.34	-
	Price-dividend (P/D) ratio(Note 4)		52.61	52.82	-
	Cash dividend yield(Note 5)		1.90	1.89	-

Note 1: The dividends for 2020 have not yet resolved by the shareholders' meeting.
Note 2: Requirements for issue of securities provide that the unappropriated dividends in the current year may be cumulative and distributed in the year of earnings, and only the outstanding cumulative dividends in the current year shall be disclosed.
Note 3: P/E ratio=yearly average closing price per share/EPS
Note 4: P/D ratio=yearly average closing price per share/Cash dividend per share
Note 5: Cash dividend yield=cash dividend per share/yearly average closing price per share

<6> Company Dividend Policy and Implementation

1. Dividend policy
   The synthetic rubber industry that the Company participates in is a mature industry, and the Company is striving towards globalization and diversification in products and applications. To comply with the Company's long-term plans and to ensure sustainable growth, the Company has established the following dividend policies: After the annual fiscal closing, the Company shall, after losses are covered, all taxes and dues paid, first set aside ten percent of such profits as legal or special reserve. The remaining earnings after adjustment, the beginning retained earnings, are the distributable earnings to be distributed by a resolution proposed by the board of directors and adopted by the shareholders' meeting. Cash dividends may be distributed by a resolution adopted by a majority vote of a meeting of the board of directors attended by two-thirds or more of all the directors. The board's resolution should be reported to the shareholders meeting.
   If the Company allocates dividends for shareholders, the cash dividend shall exceed twenty percent of the total allocated amount.
2. Distribution of dividends scheduled at the shareholders' annual meeting
   Cash dividends to be distributed are NTD 0.36 per share.

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

<8> Employees' compensation and directors' remuneration

1. In accordance with the Article 28 of the Company's articles of incorporation, if there is profit for the year, the Company should contribute more than 1% of its profit as employees' compensation, and less than 1% as directors remuneration. The related regulations on distribution of employees' compensation and directors' remuneration were approved by the board of directors.
2. The amount of the employee's compensation in 2020 is estimated at a certain ratio according to the profit and loss of the current year. The remuneration of the director is accounted for by the expected amount. If there is a discrepancy between the above-estimated amount and the actual issued amount, it will be treated according to the changes in accounting estimates and recorded in the year of issuance。
3. Board of Director Resolutions on Compensations:
   (1) According to resolutions from the 20th Board Meeting of the 16th Board of Directors, cash compensations to employees in 2020 will be NTD 40,750,000. According to resolutions from the 21st Board Meeting of the 16th Board of Directors, cash compensations to directors in 2020 will be NTD 616,000. All cash compensations are consistent with previous assessments.
   (2) The Company will not issue equity compensation to employees in 2020.
4. Employee, Director, and Supervisor Compensation in 2019:
   The Company issued NTD 53,614,000 in cash compensation to employees in 2019 and the amount was consistent with previous assessments. The maximum amount allowed by the Articles of Association, NTD 9,813,000 was allocated for director compensations. Considering sales performances and the regional market landscape in 2019, the board of directors resolved to issue NTD 4,907,000 in cash compensation for directors. Differences were registered in 2020 as part of the prior period adjustments.

<9> Share repurchases: None

II. Corporate bonds - None

III. Preferred shares - None

IV. Global depository receipts - None

V. Employee stock warrants- None

VI. New restricted employee shares - None

VII. Merger, acquisition and issuance of new shares due to acquisition of shares of the Company - None

VIII. Implementation of capital allocation plans- None

Overview of business operations

I. Description of businesses

<1> Business Scope

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

Unit: thousand NTD

Items	Revenue in 2020	Total Turnover(%)
Synthetic rubber and elastomers	23,173,891	96.46
Applied materials	850,552	3.54
Total	24,024,443	100.00

3. **Planned Developments of New Products**

1 Continue to develop microstructure control technology for the next generation S-SBR products used in eco-friendly, high performance EV tires.

2 Continue research into BR platform, expand product applications, fulfill customer demands for shoe materials and plastic modifications, and increase product performance.

3 Develop differentiated HSBC products such as high-end medical grade materials, hygiene product materials, lubricant viscosity modifiers, and other TPE products with high added-value.

4 Develop functional film for medical and electronic products to satisfy different customers' needs.

<2> Industry Overview:

1. **Global Economic Environment**

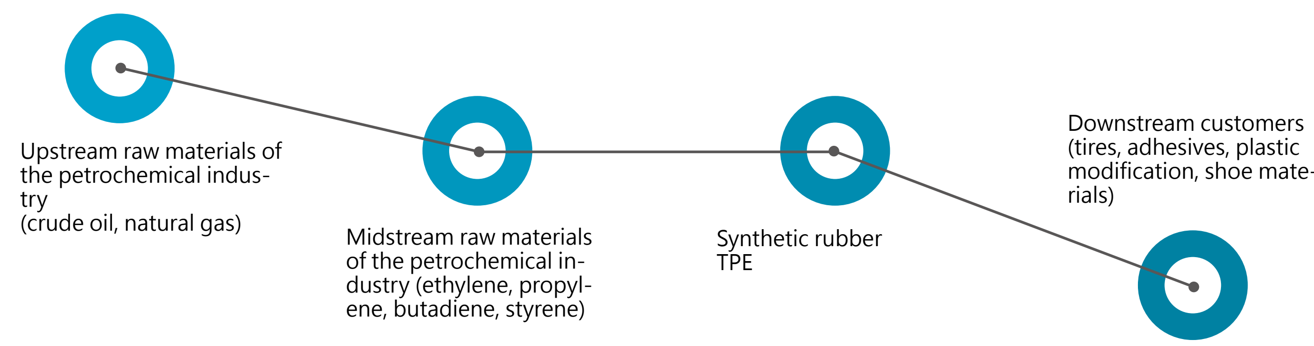
Major institutions such as International Monetary Fund (IMF), Organization of Economic Co-operation Development (OECD), and World Bank indicated that after being severely hit by the pandemic in 2020, global economy is projected to grow between 4.0% and 5.5% in 2021 as vaccine roll-out drives economic recovery. However, uncertainties surrounding the course of the pandemic, vaccine distribution, stimulus programs, and global trade may influence economic growth and cause the recovery to vary across countries.

The U.S. Federal Reserve (FED) announced that the interest rate will remain at 0% to 0.25%, and it will maintain accommodative monetary policy through increasing securities holdings until substantial progress has been made towards its employment, inflation, and price stability goals. European Central Bank (ECB) also announced that it will increase its bond-buying, provide loans to banks at low rates, and extend quantitative easing program. In addition, the European Union (EU) passed a series of stimulus plans to provide support beyond monetary easing. Among major economies, China is the only economy with positive GDP growth in 2020 and expected to have more significant growth in 2021 driven by the revival of consumer confidence and demand.

Emerging market economies are also projected to recover from contraction, in which India's economy is expected to expand with continued policy support, though nonperforming loans that were already at high levels before the pandemic might hinder its economic recovery. As for Taiwan, the Directorate General of Budget, Accounting and Statistics (DGBAS) forecasted a 4.64% GDP growth in 2021 as exports and domestic demand are expected to improve with diminishing pandemic effects and government's efforts in attracting foreign investment.

Although global economy is expected to rebound in 2021 from the 2020 low base, the recovery will largely depend on the vaccine distribution and effectiveness. Moreover, large-scale fiscal and monetary stimulus have increased government's debt burden that once the scale of stimulus begins to decrease as economy improves, rising interest rates may pose additional debt repayment pressure to countries who had already taken on excessive debt prior to the pandemic. Finally, prolonged trade conflicts remain unresolved and serve as another risk to global economic prospects.

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



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

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

The global automotive market shrank by 16% in 2020 due to COVID-19, as European, U.S. and Japanese markets declined by 22%, 17%, and 13% respectively. According to LMC Research, the global automotive industry might not return to normal levels until 2022-2023.

China's automotive market has stabilized and recovered rapidly since May 2020 as the pandemic was brought under control in China sooner than other countries. In 2020, automotive sales in China reached 25.23 million units, representing an annual growth of -2%, better than the projection made in the beginning of the year. When the pandemic first began, the China Association of Automobile Manufacturers (CAAM) forecasted a 15~25% decline in China's automotive sales for the year; later on in June, the CAAM reduced the forecasted decline in automotive sales for the year to 10~20%, as the pandemic subsided and work resumed in China. By mid-December, the CAAM revised its estimate again to only 2% decline for the year.

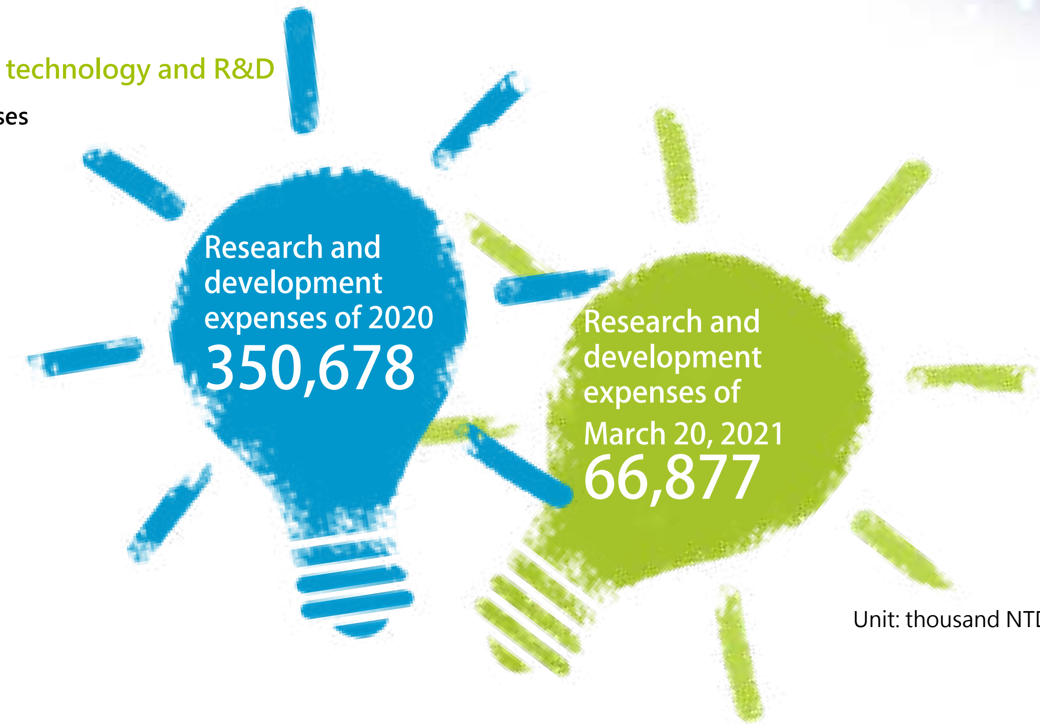
As governments around the world took measures, such as lockdown to contain the pandemic, the economic activities and production output fell sharply. As a result, crude oil demand and price plunged to a record low level and the global synthetic rubber demand decreased by 10% in 2020. TSRC took swift actions and measures in responding to the pandemic. Amid challenging market conditions, TSRC's synthetic rubber business delivered strong performance by effectively leveraging the fast recovery of China automotive market and continuing operations of major sites to support customers. However, the demand and price of thermoplastic elastomer (TPE) end-markets fell drastically due to the pandemic, and TPE industry profitability was significantly compressed. Although the demand of TPE gradually recovered starting the second half of 2020, the overall market demand still significantly below the pre-pandemic level. Moreover, as the new capacity addition starts to come on stream, TPE industry continues to be in oversupply situation with fierce competition.

The global economy is expected to grow in 2021 versus the low base of 2020. Global automotive sales are projected to increase by 10%, including 6% growth expected in China. Although the actual growth is hinged on the course of pandemic containment with uncertainty, new car sales will add to the number of automotive and increase the demand for replacement tires. Amid the growing tire market in 2021, the Company's synthetic rubber business plans to grow with the market and strengthen its portfolio by growing into green tire and non-tire applications.

As for TPE business, the supply and demand of the SEBS market have been growing steadily in the past five years. SEBS has a wide range of applications and serves as a strong alternative to other materials due to its relatively ease of processing downstream, excellent property after blending, and its environment-friendly recyclable features. However, the market has turned oversupplied in recent years with new production capacities and fierce price competition. The Company is actively transforming its business by targeting high-end applications such as automotive and medical, while optimizing its sales portfolio, to overcome the challenge of compressed profitability.

<3> Overview of technology and R&D

1. R&D expenses



Unit: thousand NTD

2. Successfully developed technology or products

Item	Result
Patents	· There are 9 patents granted for this year.
S-SBR Products	· We have successfully optimized the quality for the existing products and acquired more orders. · Our customized products have been certified by the branded factories worldwide and are now available in mass production. · New generation products have been tested by the major brands and are available for sale.
High value HSBC product development	· We have completed the development of medical grade materials and have provided to our customers for testing. · We developed materials for hygiene products, such as elastic film and elastic non-woven fabric, which are used in diapers, masks and hygiene care products; some of the products are now available for sale. · The development of lubricant viscosity modifier for vehicle use has been completed, the products meet the performance requirements and have been provided to major manufacturers for certification.
New materials and formulas for high performance custom footwear materials	· We have made a major breakthrough in the foaming technology and achieved strict performance requirements for footwear; we have set up a test workshop in order to meet customers' needs for quick sample delivery. · The new generation of composite materials for footwear has passed the first phase testing by branded manufacturers.
Advanced process technology development	· We have finished developing new process technology to improve product quality and stability; at the same time, we have introduced the design and construction for the new plant and have completed the test run.

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

The Company focuses on research and development of high value-added products and technologies through advanced eco-friendly manufacturing processes to continue transforming towards a global specialty chemical company, as well as delivering customer satisfactions, solving customers' inquiries in the application of rubbers, and creating mutual value. The business development plan includes:

1. **Long-Term Plan:**
   (1) The Company continues to develop innovative TPE technology platforms and applications to create differentiation as competitive advantage. In addition, the Company integrates the developments in downstream industries and customers' demands and continues to develop application materials with high added values for medical applications, oligopoly HSBC and advanced shoe material market.
   (2) Target key end-market applications and collaborate with customers' R&D teams to jointly develop high-value innovative products, serving as a total solution provider for the customers.
   (3) Upgrade manufacturing equipment and the utilization of raw materials to improve production efficiency and optimize production costs.
   (4) Continue monitoring synthetic rubber market dynamics and customer needs while exploring opportunities in new products, market, and applications.
   (5) Offer local supply and customer services for target market industries and supply chain in order to strengthen TSRC's market position and expand customer base.
   (6) Continue the technical exchanges and collaboration with academia and customers to enhance product value or conduct commissioned research under contracts with academia to improve process technology.
   (7) Evaluate opportunities in vertical strategic alliance.
2. **Short-Term Plan:**
   (1) Commercialize 20 thousand tons advanced SEBS line in Nantong, China and 7 thousand tons ASM line in Vietnam.
   (2) New advanced SEBS production lines in Nantong, China and TPE production lines in Shanghai are in compliance with medical GMP. All products have been tested for biocompatibility with ISO10993-5 and USPVI tests.
   (3) Strengthen technology platform and customer development based on business strategies and develop high value-added applications, e.g., high-end shoe materials, medical grade TPE, protective film, flexible non-woven fabric, etc. for more diverse products and penetration into new market segments.
   (4) Differentiate from the competition through high quality, differentiation, and value-added products, and consequently enhance customers' manufacturing process and product value chain.
   (5) Continue exploring opportunities in new products, new markets and new business model and conduct feasibility assessment.
   (6) In response to the promotion of tire label in countries including EU, Japan, and China, the Company has specifically formed a R&D team for S-SBR project for developing tires with low rolling resistance and wet scratch features to enhance S-SBR market shares.

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

<1> Market Analysis

1. Major sales destinations

Unit: thousand NTD/Metric Ton

Name of product	2020		Exported territories
	Sales volume	Sales amount	
Synthetic rubber and elastomers	520,666	23,173,891	China, U.S.A., Thailand, Vietnam, Turkey, Japan, Italy, Malaysia.
Applied materials	7,630	850,552	China, South East Asia.

2. Market share:

Synthetic rubber and elastomers	Asia is the major market accounting for 72% of the total sales, while Americas and Eurozone account for 15% and 11% of total sales respectively.
Applied materials	Vietnam is the main market accounting for 52% of total sales, followed by Hong Kong and China with 26% of the total sales.

3. Industry demand supply and market growth projection

According to LMC research institute, there will be no ESBR and BR capacity additions in Asia in 2021. Moreover, as the synthetic rubber industry has experienced oversupplied market in the past few years, some of the existing capacities have shifted to produce other products, allowing the supply-demand balance to gradually improve. However, the U.S. Department of Commerce released the preliminary anti-dumping results for passenger car and light truck tires from Taiwan, Korea, Thailand, and Vietnam at the end of 2020, ruling that the anti-dumping duties for the products from Taiwan are from 52.42% to 98.44%. If the final determinations of dumping and injury to domestic industry are made, the tire manufacturers in Taiwan are likely subject to the higher tariff. The Company will optimize its product portfolio, production allocation, and supply arrangement to mitigate the impact of anti-dumping duties.

As for TPE, though the market demand has been gradually improved driven by recovery in automotive, consumer goods, and adhesive, overall TPE market demand is expected to take 1-2 years to return to the pre-pandemic level. In addition, with the new round of production capacity expansion, a total of 270,000 tons of TPE facilities will be put into production and poses a severe challenge to the market supply and demand. Such large number of new capacities may lead to lower capacity utilization, acceleration of commoditization, and compressed profitability.

Looking further into the TPE market in 2021, the demand of SBS is expected to grow 4.1% while the capacity significantly increases by 175,000 tons from China and Russia. SIS demand is expected to increase by 4.1%, reflecting the recovery of adhesive demand. SIS capacity will also increase by 55,000 tons and is expected to aggravate the imbalance between supply and demand due to the integration of Isoprene and C5 petroleum resin by Jinhai Chenguang and Luhua. The demand for SEBS will increase sharply by 7.7%, while the capacity increases by 39,000 tons from new additions in China and Thailand. Moreover, SEBS market is expected to experience an intensified competition in the lower-end products as Zhongli actively expands its production since they entered the market in 2018.

4. Competitive positioning, future development factors and actions

E-SBR and BR are mature products that the difference among the products produced by different manufacturers is not significant, and thus the cost of raw materials is the key to profit margins. The Company does not possess upstream integration advantage, so its profitability is greatly affected by the cost of raw material, particularly butadiene. However, since there will be many new butadiene capacity additions in Asia in 2021, the difference of raw material cost between vertically integrated companies and non-vertically integrated companies will narrow, consequently helping the Company to increase sales. Moreover, to capture new sales opportunities, the Company is actively developing tire market in Southeast Asia and non-tire markets, at the same time expanding its sales in India via its joint venture ISRPL.

The Company has taken actions for immediate impacts and lasting benefits with the objective to increase sales and improve profitability. The Company diversifies its product portfolio and differentiates toward high-value applications to counter competition from new TPE capacity. Furthermore, the Company strengthens its capability in developing higher-end applications and enhancing profitability through the commercialization of its new advanced SEBS line and advanced shoe material production line.

<2> Important application and manufacturing processes of main products

1.Main product important use:

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

2.Outline of production process:

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

<3> Supply of main raw materials

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

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

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

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

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

Unit: thousand NTD/Metric Ton

Product	2020			2019		
	Capacity	Output	Output value	Capacity	Output	Output value
Synthetic rubber and elastomers	565,767	506,462	17,666,204	561,600	476,219	22,334,579
Applied materials	23,910	15,067	582,242	26,533	20,635	1,267,134
Total	589,677	521,529	18,248,446	588,133	496,854	23,601,713

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

Unit: thousand NTD/Metric Ton

Product	2020				2019			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Synthetic rubber and elastomers	379,987	17,024,568	140,679	6,149,323	336,019	19,140,916	138,663	7,967,385
Applied materials	4,319	371,885	3,311	478,667	5,279	419,173	8,265	1,383,249
Total	384,306	17,396,453	143,990	6,627,990	341,298	19,560,089	146,928	9,350,634

III. Employees information

Year		2020	2019	March 20, 2021
Direct workers		842	861	834
Indirect workers		745	747	747
Total of employees		1,587	1,608	1,581
Average age		40.7(years old)	39.9(years old)	40.9(years old)
Average seniorities		10.6(years)	10.1(years)	10.7(years)
Education level (%)	Ph.D.	1	1	1
	Master	13	13	13
	Bachelor	65	66	65
	Senior high school	18	17	18
	Below senior high school	3	3	3

IV. Disbursements of environmental protections

Losses for environmental pollution

	2020	Till March 20, 2021
Pollution (Type and procedure)	1. On 2020/9/11, the Environmental Protection Bureau of the Kaohsiung City Government discovered that the amount of M04 process material (CA-2) used in 2019 exceeded the approved amount granted by the stationary source operation permit, which violated Article 24, Item 2 of the Air Pollution Act, resulting in a fine of NT$100,000. 2. On 2020/9/24, the Air Quality and Noise Control Division of Kaohsiung City Government randomly inspected the M05 process device and found that the VOC leakage value of the device exceeded the " Standards for Control and Emission of Volatile Organic Compounds of the Device in Kaohsiung City" and violated Article 20, Item 1 of the "Air Pollution Control Act", resulting in a fine of NT$450,000.	None
Counterpart, or authority imposing fines	Kaohsiung Environmental Protection Bureau	Kaohsiung Environmental Protection Bureau
Compensation and fines	NT$550,000	NT$270,000 (deferred for 2019)

	2020	Till March 20, 2021
Adaption of improvement measures	1. As for the annual use of process materials (CA-2) in the M04 process exceeds the approved amount granted by the stationary source operation permit, we have developed an information program to collect data on the actual annual cumulative use of major raw materials and fuels/products in the SAP system for each process, and have established the "Usage alert report for raw materials and products in the process of the Kaohsiung plant" as an improvement measure. The SAP system automatically sends out Emails to the personnel in charge of the production units to receive the "Usage Statistics Alert Report" that provides the cumulative usage of process materials and products, and takes early response to avoid the usage exceeding the approved amount in the permit. 2. The improvement measures for VOC leakage from M05 process devices are as follows: (1) Review meeting for the VOC spill from the 53 gallon drums in each workshop was held by the Industrial Safety Division, and the implementation status for improvement measures will be tracked. (2) The laboratory conducts the self-management for VOC components, and performs weekly leak detection for the VOC. (3) Replacing the pneumatic pump with a small gear pump.	None

V. Labor relations

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

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

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

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

   TSRC hosts large annual gatherings and galas each year for better employee relationships (Note: due to the pandemic in 2020, annual galas in certain regions were held in smaller units to reduce risks from public gatherings); gives employees cash gifts for weddings, childbirth, injuries, and allowances for disease; has one nurse for each medical room; and offers medical consultation services with physicians. Regarding employees' training program, the training plans are set based on the Company's business policies, units' requirements, and relevant laws/regulations. The Company offers general knowledge, professional skills, and management programs for the newly recruited and existing employees. Meanwhile, the "life-time learning" goal is fulfilled through the training methods of OJT, Off-JT and SD. The total training fee in 2020 is NTD 6,243,000, in which the average training fee per person is NTD 4,000 and the training hour per person is 36 hours.

2. **Measures for preserving employees' rights and interests:**

   Since the incorporation of the labor union, the Company has held meetings between employer and labor periodically, and negotiated for the laborers" interests and rights through formal meetings. In 2020, the Company held four meetings in total.

   Furthermore, according to the Labor Standard Law and Accounting Handling Rules on Pension, the Company will contribute the pension fund to the employees' personal accounts in the Bank of Taiwan and Bureau of Labor Insurance on a monthly basis.

   Meanwhile, the "Reserve Labor Pension Fund Supervisory Commission" will hold meetings to review the utilization of pension funds periodically to protect the retired employees' interests and rights.

<2> In 2020 and until the publication date, there is no loss suffered from labor disputes.

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

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

VI. Material contracts

March 20, 2021

Nature	Concerned party	Duration	Contents	Restrictive terms
Joint venture	UBE Industries Ltd., Marubeni Corporation UBE (Thailand) Co.,Ltd	October 20, 1995 until termination of the cooperative relationship	The joint venture for production and sale of BR with the annual capacity of 50 thousand metric tons of BR in Thailand	No
Joint venture	UBE Industries Ltd., Marubeni Petrochemicals Investment B.V.	October 26, 2006 until termination of the cooperative relationship	The joint venture for production and sale of BR plant with the annual capacity of 72 thousand metric tons in China	No
Technical support and services	Trimurti Holding Corporation	December 31, 2006 ~ until termination of the cooperative relationship	Authorize to use SEBS technology	No
Technology license	JSC VORONEZHSYNTHEZKAUCHUK	May 27, 2009 until 10 years after the official production	Authorize for production of thermoplastic elastomers with the annual capacity of 50 thousand metric tons	No
Joint venture	Indian Oil Corporation	April 3, 2010 until termination of the cooperative relationship	The joint venture for production and sales of ESBR plant with the annual capacity of 120 thousand metric tons in India	No
Technology license	Indian Synthetic Rubber Private Ltd.	September 1, 2010 until termination of the cooperative relationship	A license for India Synthetic Rubber Private Limited. to use ESBR technology	No
Joint venture	ARLANXEO Holding B.V	May 7, 2010 until termination of the cooperative relationship	The joint venture for production and sales of NBR plant with the annual capacity of 30 thousand metric tons in China	No
Technology license	ARLANXEO–TSRC (Nantong) Chemical Industrial Co., Ltd	December 1, 2010 until termination of the cooperative relationship	A license for ARLANXEO-TSRC (Nantong) Chemical Industrial Co Ltd. to use NBR technology	No
Technology license	TSRC (Nantong) Industrial Ltd.	January 1, 2012 to January 1, 2022	Extend to a 35 thousand metric tons-SEBS technology licensing	No
Technology license	TSRC (Nantong) Industrial Ltd.	January 1, 2014 to December 31, 2023	Authorize to use SIS technology	No
Technology license	TSRC (Nantong) Industrial Ltd.	September 1, 2017 to within ten years starting from the issuance of the first invoice of the new production line	Adding the permission for SEBS authorized products with the annual production of 20 thousand metric tons	No

Nature	Concerned party	Duration	Contents	Restrictive terms
Medium-and long-term loan	Bank of Taiwan	October 17, 2018 to November 23, 2021	Loaned NTD 1,500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	Mega Bank	May 02, 2018 to October 23, 2023	Loaned NTD 500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	MUFG Bank	March 21, 2018 to March 23, 2021	Loaned NTD 500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	CTBC Bank	March 23, 2018 ~ March 28, 2023	Loaned NTD 850 million	Repaid amount of NTD 500,000,000 cannot be drawn again. The amount of NTD 50,000,000 is calculable mobility.
Medium-and long-term loan	E. Sun Bank	February 20, 2020 ~ August 15, 2027	Loaned NTD 478 million	Loan amount cannot be drawn again.
Medium-and long-term loan	Tai Shin Bank	Final maturity date is three years from first drawdown	Loaned NTD 500 million	Loan amount cannot be drawn again.

Overview of financial status

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

<1> Condensed balance sheet

Unit: thousand NTD

Item \ Fiscal year		Financial information for the recent years				
		Individual				
		2020	2019	2018	2017	2016
Current assets		3,129,891	4,024,296	4,200,063	3,709,562	3,885,668
Property, plant and equipment		2,978,757	2,727,714	2,789,755	2,760,238	2,699,834
Intangible assets		65,098	44,819	65,778	86,312	37,972
Other assets		16,201,577	17,494,817	17,248,237	16,104,401	16,125,052
Total assets		22,375,323	24,291,646	24,303,833	22,660,513	22,748,526
Current liability	Before distribution	6,037,851	4,813,822	4,790,367	6,304,390	5,141,128
	After distribution	6,335,107(Note)	5,226,677	5,599,562	7,097,072	5,966,838
Non-current liability		2,198,352	4,602,132	4,202,463	1,478,607	2,266,177
Total liability	Before distribution	8,236,203	9,415,954	8,992,830	7,782,997	7,407,305
	After distribution	8,533,459(Note)	9,828,809	9,802,025	8,575,679	8,233,015
Equity attributable to shareholders of the parent		14,139,120	14,875,692	15,311,003	14,877,516	15,341,221
Common stock		8,257,099	8,257,099	8,257,099	8,257,099	8,257,099
Capital surplus		49,531	47,140	45,158	41,043	849
Retained earnings	Before distribution	5,552,832	5,917,502	5,809,486	5,431,836	5,381,012
	After distribution	5,255,576(Note)	5,504,647	5,000,291	4,639,154	4,555,302
Other equity		279,658	653,951	1,199,260	1,147,538	1,702,261
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total shareholders' equity	Before distribution	14,139,120	14,875,692	15,311,003	14,877,516	15,341,221
	After distribution	13,841,864(Note)	14,462,837	14,501,808	14,084,834	14,515,511

Note: the amount decided by the board of directors on March 11, 2021.

Item \ Fiscal year		Financial information for the recent years				
		Consolidated				
		2020	2019	2018	2017	2016
Current assets		12,437,636	15,365,918	14,861,158	13,913,627	13,627,402
Property, plant and equipment		10,516,517	10,037,395	8,768,849	8,558,709	8,947,258
Intangible assets		1,012,405	1,669,885	1,851,601	1,942,350	2,179,937
Other assets		5,301,824	5,441,725	4,748,561	4,584,655	5,015,330
Total assets		29,268,382	32,514,923	30,230,169	28,999,341	29,769,927
Current liability	Before distribution	9,893,767	9,300,535	8,172,613	10,811,273	9,963,898
	After distribution	10,191,023(Note)	9,713,390	8,981,808	11,603,955	10,789,608
Non-current liability		3,515,956	6,761,665	5,175,715	1,744,622	2,754,204
Total liability	Before distribution	13,409,723	16,062,200	13,348,328	12,555,895	12,718,102
	After distribution	13,706,979(Note)	16,475,055	14,157,523	13,348,577	13,543,812
Equity attributable to shareholders of the parent		14,139,120	14,875,692	15,311,003	14,877,516	15,341,221
Common stock		8,257,099	8,257,099	8,257,099	8,257,099	8,257,099
Capital surplus		49,531	47,140	45,158	41,043	849
Retained earnings	Before distribution	5,552,832	5,917,502	5,809,486	5,431,836	5,381,012
	After distribution	5,255,576(Note)	5,504,647	5,000,291	4,639,154	4,555,302
Other equity		279,658	653,951	1,199,260	1,147,538	1,702,261
Treasury stock		0	0	0	0	0
Non-controlling interest		1,719,539	1,577,031	1,570,838	1,565,930	1,710,604
Total shareholders' equity	Before distribution	15,858,659	16,452,723	16,881,841	16,443,446	17,051,825
	After distribution	15,561,403(Note)	16,039,868	16,072,646	15,650,764	16,226,115

Note: the amount decided by the board of directors on March 11, 2021.

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Condensed statement of comprehensive income

Unit: thousand NTD

Fiscal year / Item	Financial information for the recent years				
	Individual				
	2020	2019	2018	2017	2016
Operating revenue	8,344,155	10,856,945	10,834,520	11,254,655	8,831,537
Gross profit	489,887	1,072,357	1,107,890	896,998	869,843
Operating profit	(346,968)	129,881	250,966	106,207	143,220
Non-operating income and expenses	428,824	788,028	1,077,163	790,340	928,346
Net income before tax	81,856	917,909	1,328,129	896,547	1,071,566
Net income	(21,891)	740,316	1,192,186	874,107	988,352
Other comprehensive income (loss)	(304,217)	(368,414)	29,868	(552,296)	(934,084)
Total comprehensive income	(326,108)	371,902	1,222,054	321,811	54,268
Net income attributable to shareholders of the parent	(21,891)	740,316	1,192,186	874,107	988,352
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to shareholders of the parent	(326,108)	371,902	1,222,054	321,811	54,268
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
EPS (Note)	(0.03)	0.90	1.44	1.06	1.20

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

Unit: thousand NTD

Item \ Fiscal year	Financial information for the recent years				
	Consolidated				
	2020	2019	2018	2017	2016
Operating revenue	24,024,443	28,910,723	29,751,218	31,766,237	26,955,090
Gross profit	2,937,269	3,377,284	3,488,714	3,328,879	3,880,881
Operating profit	822,315	1,084,861	1,301,814	1,202,526	1,764,946
Non-operating income and expenses	(301,644)	169,777	328,629	(65,391)	(157,636)
Net income before tax	520,671	1,254,638	1,630,443	1,137,135	1,607,310
Net income	215,261	817,120	1,233,670	849,717	1,093,607
Other comprehensive income (loss)	(282,003)	(439,025)	(6,708)	(568,595)	(1,072,228)
Total comprehensive income	(66,742)	378,095	1,226,962	281,122	21,379
Net income attributable to shareholders of the parent	(21,891)	740,316	1,192,186	874,107	988,352
Net income attributable to non-controlling interests	237,152	76,804	41,484	(24,390)	105,255
Total comprehensive income attributable to shareholders of the parent	(326,108)	371,902	1,222,054	321,811	54,268
Total comprehensive income attributable to non-controlling interests	259,366	6,193	4,908	(40,689)	(32,889)
EPS (Note)	(0.03)	0.90	1.44	1.06	1.20

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

CPA's name and auditor's opinion

Fiscal year	CPA's name	Auditor's opinion
2020	Ming Hung Huang Wu, Lin	Unqualified opinion
2019	Po Shu Huang Ming Hung Huang	Unqualified opinion (emphasis of matter)
2018	Po Shu Huang Ann Tine Yu	Unqualified opinion
2017	Po Shu Huang Ann Tine Yu	Unqualified opinion
2016	Po Shu Huang Ann Tine Yu	Unqualified opinion

II. Financial analysis for the recent five fiscal years

Financial analysis

Item	Fiscal year	Financial information for the recent years				
		Individual				
		2020	2019	2018	2017	2016
Financial structure	Debt-asset ratio(%)	36.81	38.76	37.00	34.35	32.56
	Ratio of long-term capital to property, plant and equipment(%)	548.47	714.07	699.47	592.56	652.17
Solvency	Current ratio(%)	51.84	83.60	87.68	58.84	75.58
	Quick ratio(%)	26.47	35.99	34.79	23.76	35.57
	Interest coverage ratio(%)	2.04	10.03	17.39	13.53	19.50
Operating ability	Receivables turnover rate (times)	7.94	9.92	9.88	9.21	7.27
	Average collection days for receivables	45.97	36.79	36.94	39.63	50.21
	Inventory turnover rate (times)	4.25	4.17	4.19	4.94	4.29
	Payables turnover rate (times)	10.21	10.97	11.90	11.26	9.49
	Average days of sales	85.88	87.53	87.11	73.89	85.08
	Property, plant and equipment turnover rate (times)	2.92	3.94	3.90	4.12	3.28
	Total assets turnover rate(times)	0.36	0.45	0.46	0.50	0.39
Profitability	Return on assets(%)	0.18	3.38	5.36	4.11	4.59
	Return on equity(%)	(0.15)	4.90	7.90	5.79	6.26
	Ratio of income before tax to paid-in capital (%)	0.99	11.12	16.08	10.86	12.98
	Profit margin before tax (%)	(0.26)	6.82	11.00	7.77	11.19
	EPS (NTD)	(0.03)	0.90	1.44	1.06	1.20
Cash flows	Cash flow ratio (%)	5.23	13.27	6.81	2.58	2.30
	Cash flow adequacy ratio(%)	24.82	32.18	28.13	41.77	41.65
	Cash flow reinvestment ratio(%)	(0.43)	(0.67)	(1.85)	(3.02)	(3.31)
Leveraging	Operating leverage	(10.74)	37.22	15.65	30.93	21.22
	Financial leverage	0.81	4.59	1.48	3.07	1.68

The reasons for financial ratio changes in the last two years

1. The ratio of long-term capital to property, plant and equipment and current and quick ratio were due to the increase of long-term borrowings that turned into within one year long-term debts.
2. Times interest earned was due to the decrease in net income before tax.
3. The average days for cash receipts, turnover rate of property, plant and equipment and total assets' turnover rate were due to the decrease in revenue.
4. Profitability ratios were due to the decrease in net income after tax.
5. Cash flow ratios were due to the decrease in cash flow from operating activities.
6. Leverage was due to net operating loss.

Item \ Fiscal year		Financial information for the recent years				
		Consolidated				
		2020	2019	2018	2017	2016
Financial structure	Debt-asset ratio(%)	45.82	49.40	44.16	43.30	42.72
	Ratio of long-term capital to property, plant and equipment(%)	184.23	231.28	251.54	212.51	221.36
Solvency	Current ratio(%)	125.71	165.22	181.84	128.70	136.77
	Quick ratio(%)	67.35	92.98	102.14	72.44	82.41
	Interest coverage ratio(%)	4.14	6.88	10.62	7.04	11.61
Operating ability	Receivables turnover rate (times)	6.86	8.19	8.21	8.19	7.59
	Average collection days for receivables	53.20	44.56	44.45	44.56	48.08
	Inventory turnover rate (times)	3.76	3.97	4.21	4.98	4.54
	Payables turnover rate (times)	10.30	12.88	15.71	15.75	14.71
	Average days of sales	97.07	91.93	86.69	73.29	80.39
	Property, plant and equipment turnover rate (times)	2.34	3.07	3.43	3.63	2.86
	Total assets turnover rate(times)	0.78	0.92	1.00	1.08	0.90
Profitability	Return on assets(%)	1.02	3.09	4.62	3.42	4.08
	Return on equity(%)	1.33	4.90	7.40	5.07	6.23
	Ratio of income before tax to paid-in capital (%)	6.31	15.19	19.75	13.77	19.47
	Profit margin before tax (%)	0.90	2.83	4.15	2.67	4.06
	EPS (NTD)	(0.03)	0.90	1.44	1.06	1.20
Cash flows	Cash flow ratio (%)	23.89	27.93	22.92	14.72	9.11
	Cash flow adequacy ratio(%)	78.25	91.81	99.39	109.82	103.78
	Cash flow reinvestment ratio(%)	5.54	5.05	3.11	2.41	(0.18)
Leveraging	Operating leverage	7.47	5.95	8.52	8.23	5.76
	Financial leverage	1.18	1.21	1.15	1.19	1.09

1. The ratio of long-term capital to property, plant and equipment and the current and quick ratio were due to the increase of long-term borrowings that turned into within one year long-term debts.
2. Times interest earned was due to the decrease in net income before tax.
3. The turnover rate of accounts payable was due to the decrease in cost of goods sold.
4. The turnover rate of property, plant and equipment was due to the decrease in revenue.
5. Profitability ratios were due to the decrease in net income after tax.
6. Degree of operating leverage is caused by operating profit decreasing.

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

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

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

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

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

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

III. Audit Committee's Report

The Board of Directors has prepared and submitted the Company's 2020 Business Report, Financial Statements and earnings distribution proposal. The above Financial Statements have been audited by KPMG and an audit report is accordingly issued .

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

To:

The 2021 Annual Shareholders' Meeting

TSRC Corporation

The convener of Audit Committee Robert Hung

Date: March 11, 2021

IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year- Please refer to Page 88.

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

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

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

I. Financial position:

Unit: thousand NTD

Item \ Fiscal year	2020	2019	Amount change	Percentage change (%)
Current assets	12,437,636	15,365,918	(2,928,282)	(19.06)
Property, plant and equipment	10,516,517	10,037,395	479,122	4.77
Intangible assets	1,012,405	1,669,885	(657,480)	(39.37)
Other assets	5,301,824	5,441,725	(139,901)	(2.57)
Total assets	29,268,382	32,514,923	(3,246,541)	(9.98)
Current liabilities	9,893,767	9,300,535	593,232	(6.38)
Non-current liabilities	3,515,956	6,761,665	(3,245,709)	(48.00)
Total liabilities	13,409,723	16,062,200	(2,652,477)	(16.51)
Capital stock	8,257,099	8,257,099	0	0.00
Capital Surplus	49,531	47,140	2,391	5.07
Retained earnings	5,552,832	5,917,502	(364,670)	(6.16)
Total shareholders' equity	15,858,659	16,452,723	(594,064)	(3.61)

Major changes and impacts:
1. The global economic downturn from COVID-19 has resulted in delayed shipments to customers, declining operating revenue and profits, and impairment loss. The decrease in intangible assets is a result of the impairment.
2. The decrease in non-current liabilities is from long-term liabilities being converted into long term liabilities due within one year.

II. Financial performance:

Analysis and comparison of financial performance

Unit: thousand NTD

Item \ Fiscal year	2020	2019	Amount change	Percentage change (%)
Revenue	24,024,443	28,910,723	(4,886,280)	(16.90)
Operating cost	21,087,174	25,533,439	(4,446,265)	(17.41)
Gross profit	2,937,269	3,377,284	(440,015)	(13.03)
Operating expenses	2,297,813	2,459,898	(162,085)	(6.59)
Other income and expenses	182,859	167,475	15,384	9.19
Operating profit	822,315	1,084,861	(262,546)	(24.20)
Non-operating revenues and gains	(301,644)	169,777	(471,421)	(277.67)
Net income before tax	520,671	1,254,638	(733,967)	(58.50)
Less: income tax expenses	305,410	437,518	(132,108)	(30.19)
Net income	215,261	817,120	(601,859)	(73.66)

Fluctuations and impacts:
1. The decrease in operating profit is from declining demands for TPE and non-synthetic rubber.
2. The decrease in non-operating income and expenses is from impairment of intangible assets.
3. The decrease in income tax expenses is from lower profit.

Sales volume forecast and the basis there of

Unit: metric ton

Name of product	2021	
	Sales volume fore cast	Basis
Synthetic rubber and elastomers	518,058	Subject to the requirement of the market and customers
Applied Materials	10,302	Subject to the requirement of the market and customers forecast growth
Total	528,360	

III. Cash flow analysis:

Unit: metric ton

Cash balance at the beginning	Net cash flow from operating activities of the year	Cash inflow (outflow) of the year	The impact of exchange rate fluctuation on cash	Remainder (deficit) of cash	Remedy for insufficient cash	
					Investment plan	Financial plan
4,695,280	2,363,983	(3,507,114)	(273,686)	3,278,463	-	-

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

1. Business activities: Mainly comes from the cash flow NT$ 2,083,786 thousand from the gains and losses, cash flow NT$ 743,158 thousand, net interest expenses NT$ 80,770 thousand and paid income tax NT$ 382,191 thousand from the net changes in operating assets and liabilities.
2. Investments: Net cash flow from investing activities is -NT$ 1,492,809 thousand; NT$1,437,939 thousand was invested into real estate, facilities, and equipment, NT$137,346 thousand was collected from dividends, NT$135,404 thousand from disposal of financial assets at fair value, NT$254,987 thousand from addition of restricted assets, and NT$49,091 thousand from addition of other non-current assets.
3. Fundraising activities: the net cash flow from fundraising activities is NT$ 2,014,305 thousand, which comes mainly from the increase in short-term borrowings NT$ 867,094 thousand, the increase in long-term borrowings NT$ 446,716 thousand, and the repayment of rent principal NT$ 173,607 thousand and distribution of cash dividends NT$ 529,279 thousand.

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

<3> Liquidity analysis for the coming year:

Unit: thousand NTD

Cash balance at the beginning(1)	Projected cash flow from operation of the year (2)	Estimated annual net cash flow from investing and financing activities(3)	Projected remainder (deficit) of cash (1)+(2)-(3)	Remedy for insufficient cash	
				Investment plan	Financial plan
3,278,463	1,461,000	(2,439,000)	2,300,463	-	-

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

<1> Major capital expenditure condition and source of funding

Unit: thousand NTD

Item	Sources of funds	Actual of intended completion date	Amount	Year	
				2020	2021
New lines of SEBS	Self-owned capital and loads from banks	2020	2,570,000	204,000	220,200
SIS Pelletizing	Self-owned capital	2021	265,000	40,100	24,200
Production lines of advanced shoe materials	Self-owned capital and loads from banks	2020	731,600	121,000	33,000
R&D center	Self-owned capital	2020	224,000	221,000	3,000
BD Storage Tank	Self-owned capital	2022	420,000	161,000	238,000
Production Line Optimization	Self-owned capital	2021	16,000	0	16,000

<2> Benefits generated: Expected to increase profitability.

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

To maintain a leading position in the synthetic rubber market, the Company continues its strategic investment projects on specialty rubber with higher value and profit margins to sustain operating performance of the Company.

VI. Analysis and assessment of risk management

<1> The effect of the change in interest rate and exchange rate and inflation on the profit and loss of the Company and future countermeasures

Unit: thousand NTD

2020	Amount	Accounting for the percentage of net operating revenues (%)	Accounting for the percentage of net profit before taxation (%)
Net interest income (expense)	(76,646)	(0.3)	(14.7)
Net exchange gain (loss)	22,075	0.1	4.2

Interest rate change:

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

Exchange rate fluctuation:

The Company receives and pays in foreign currencies for part of its sales and purchases. Therefore, significant changes in foreign exchange rates will have an impact on the Company's operating revenues, cost of goods sold and operating income. The Company has conducted exchange rate hedges for foreign currency assets and liabilities held and scheduled to be traded in order to reduce the impact of exchange rate fluctuations on its operations.

Inflation:

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

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

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

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

Unit: thousand NTD

Project name	Expected R&D spending
New Generation and High Performance Tire Product Development	45,000
New Differentiated Polybutadiene Products	32,000
High Value-Added Thermoplastic Elastomer (TPE) Products	194,000
High Performance Materials and Formulas for Footwear	100,000
Advanced Process Technology Development	71,000

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

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

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

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

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

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

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

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

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

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

To achieve organic growth and strengthen business portfolio via new products and geographic expansion, the new twenty-thousand-metric-tons-per-year advanced SEBS line in Nantong, China was commercialized in 2020 and the new seven-thousand-metric-tons-per-year advanced shoe materials (ASM) plant in Vietnam is expected to commercialize in 2021.These two production facilities will strengthen the Company's competitiveness, and such capacity expansion is for operational purpose and the decision was made with careful capital expenditure planning, thus the associated risks should be limited.

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

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

Sales: The Company's main customers are world's leading companies and the Company's long-term partners. Most of them are contract customers with strong financial health. The Company's business divisions also have control on the amount a customer can purchase while continue conducting credit investigation. Hence, there are no major risks on the business operations.

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

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

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

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

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

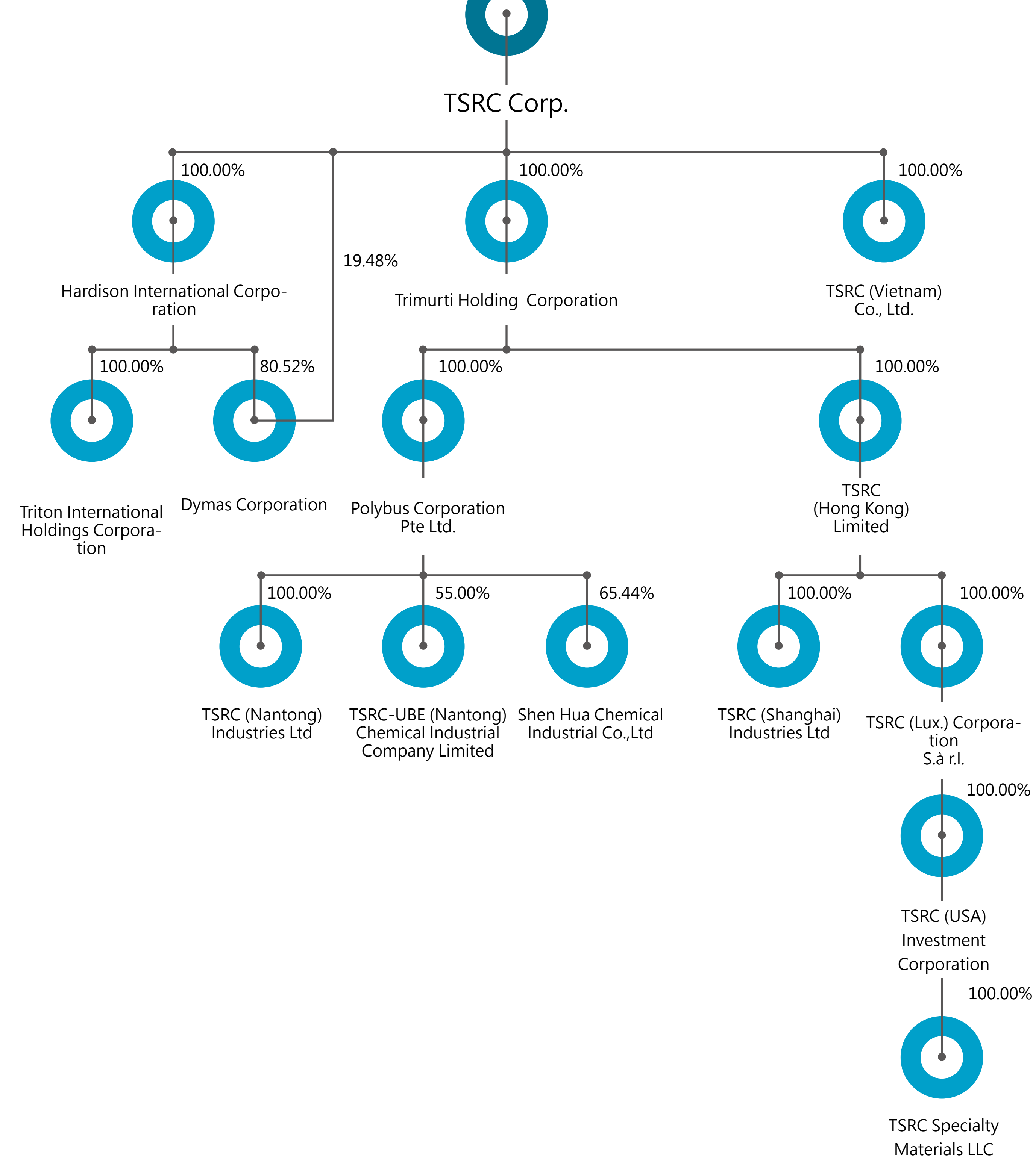
VII. Other important matters - No

Special items to be included

I. Information related to the Company's affiliates

<1> Company's Affiliate Business Report

1.Organizational chart of affiliates



2. Profiles of the Company's affiliates

Name of enterprise	Date of incorporation	Address	Actual received capitals	Major business or production items
Trimurti Holding Corporation	March 10,1994	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD 86,920,000	Investment corporation
Hardison International Corporation	March 11,1994	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD3,896,000	Investment corporation
Dymas Corporation	March 19,1991	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD5,960,000	Investment corporation
Polybus Corporation Pte Ltd.	February 25, 1995	100 Peck Seah Street #09-16 Singapore 079333	SGD105,830,000	Trading and investment corporation
TSRC (Hong Kong) Limited	March 19, 2008	15/F BOC Group Life Assurance Tower 136 Des Voeux Road Central	USD103,850,000	Investment corporation
Triton International Holdings Corporation	May 24, 1993	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD50,000	Investment corporation
TSRC (Lux.) Corporation S.à r.l.	July 26, 2011	39-43 avenue de la Liberté, L-1931 Luxembourg	EUR74,870,000	Trading and investment corporation
TSRC(USA) Investment Corporation	January 27, 2011	2711 Centerville Road, Suite 400, Country of New Castle, Wilmington, Delaware, 19808	USD96,050,000	Investment corporation
TSRC Specialty Materials LLC	February 20, 2002	12012 Wickchester Lane, Suite 280, Houston, TX 77079	Note	Production and sale of TPE
TSRC (Shanghai) Industries Ltd	February 22, 2001.	No. 1406, Yu Shu Road,Hi-tech Park Songjiang Zone, Shanghai,P.R.C	USD5,500,000	Production and sale of compounding materials
Shen Hua Chemical Industrial Co., Ltd	March 29, 1996.	NO.1 Shen Hua Road, Nantong Economic & Technology Development Area, Nantong Jiangsu, P.R.C.	USD41,220,000	Production and sale of synthetic rubber products
TSRC (Nantong) Industries Ltd	September 05, 2006	No. 22 Tong Wang Road, Nantong Economic & Technological Development Area, Nantong Jiangsu, P.R.C.	USD105,125,000	Production and sale of TPE
TSRC-UBE (Nantong) Chemical Industrial Company Limited	December 06, 2006	No. 22 Tong Wang Road, Nantong Economic & Technological Development Area, Nantong Jiangsu, P.R.C.	USD40,000,000	Production and sale of butadiene rubber
TSRC (Vietnam) Co., Ltd.	October 16, 2018	8 VSIP II-A Street 31, Vietnam Singapore Industrial Park II-A, Tan Uyen Town, Binh Duong Province, Vietnam	USD 9,000,000	Production and processing of plastic rubber granular, Thermoplastic Elastomer and plastic compound

Note: In 2011, TSRC (USA) Investment Corporation acquired 100% ownership of Dexco Polymers Operating Company LLC and Dexco Polymers L.P. with USD 192,617,000 through M&A. In 2020, the organization was simplified, merged, and renamed into TSRC Specialty Materials LLC.

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

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

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

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

Name of enterprise	Job title	Name of representative	Shares held	
			Share(s)	Shareholding
Trimurti Holding Corporation	Director	Joseph Chai	-	-
	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
Hardison International Corporation	Director	Joseph Chai	-	-
	Director	Wing-Keung Hendrick Lam	-	-
Dymas Corporation	Director	Joseph Chai	-	-
	Director	Wing-Keung Hendrick Lam	-	-
Polybus Corporation Pte Ltd.	Director	Joseph Chai	-	-
	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
TSRC (Hong Kong) Limited	Director	Joseph Chai	-	-
	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
TSRC (Lux.) Corporation S.à r.l.	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
	Director	Chi-Wei Hsu	-	-
	Director	David Maria	-	-
	President	Christian Kafka	-	-
TSRC (USA) Investment Corporation	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
	Director	Chi-Wei Hsu	-	-
	President	Wing-Keung Hendrick Lam	-	-
Triton International Holdings Corporation	Director	Joseph Chai	-	-
	Director	Edward Wang	-	-
TSRC Specialty Materials LLC	Director	Wing-Keung Hendrick Lam	-	-
	Director	Edward Wang	-	-
	Director	Kent Kvaal	-	-
	President	Kent Kvaal	-	-

Name of enterprise	Job title	Name of representative	Shares held	
			Share(s)	Shareholding
TSRC (Shanghai) Industries Ltd	Chairman	Wing-Keung Hendrick Lam	-	-
	Director	Huang-Cheng Kuo	-	-
	Director	Chin-Bao Lu	-	-
	Director	Cheng-Nan Lin	-	-
	Supervisor	Edward Wang	-	-
	President	Peter Lee	-	-
Shen Hua Chemical Industrial Co., Ltd	Chairman	Kevin Liu	-	-
	Director	Edward Wang	-	-
	Director	Chi-Wei Hsu	-	-
	Director	Cheng-Nan Lin	-	-
	Director	Chao Yang Jiang	-	-
	Director	Li Shen	-	-
	Director	SATOSHI OYAMA	-	-
	President	Shian-Chung Kuo	-	-
TSRC (Nantong) Industries Ltd	Chairman	Wing-Keung Hendrick Lam	-	-
	Director	Chao Yang Jiang	-	-
	Director	Chin-Bao Lu	-	-
	Supervisor	Edward Wang	-	-
	President	Chao Yang Jiang	-	-
TSRC-UBE (Nantong) Chemical Industrial Company Limited	Chairman	Kevin Liu	-	-
	Director	Cheng-Nan Lin	-	-
	Director	Chi-Wei Hsu	-	-
	Director	Tokoro Yasunobu	-	-
	Director	SATOSHI OYAMA	-	-
	Supervisor	Yokoo Hisaaki	-	-
	President	Jian Hui Lu	-	-
TSRC (Vietnam) Co., Ltd.	Chairman	Wing-Keung Hendrick Lam	-	-
	Director	Huang-Cheng Kuo	-	-
	Director	Cheng-Nan Lin	-	-
	Supervisor	Edward Wang	-	-
	President	Huang-Cheng Kuo	-	-

6. Overview of operation of affiliates

Unit: thousand NTD

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Gain/loss current period (after tax)	EPS after tax (NTD)
Trimutri Holding Corporation	2,474,452	12,779,698	-	12,779,698	-	(22,689)	395,611	4.55
Hardison International Corporation	111,076	553,628	-	553,628	-	(88)	60,952	15.64
Dymas Corporation	169,895	606,618	-	606,618	-	(127)	86,045	14.44
Polybus Corporation Pte Ltd.	2,052,576	8,217,336	85,056	8,132,280	295,619	8,957	794,946	7.51
TSRC (Hong Kong) Limited	2,960,556	3,436,377	31,064	3,405,313	-	(523)	(375,292)	(3.61)
TSRC (Lux.) Corporation S.à r.l.	2,624,665	3,674,534	958,717	2,715,817	2,189,995	(17,215)	(459,113)	(6.13)
TSRC (USA) Investment Corporation	2,738,193	3,117,339	438,948	2,678,391	-	(158,082)	(436,828)	(4.55)
TSRC Specialty Materials LLC	-	2,731,705	625,488	2,106,217	3,477,870	(85,276)	(77,948)	NA
Triton International Holdings Corporation	1,425	59,006	-	59,006	-	(64)	(8,247)	(164.94)
TSRC (Shanghai) Industries Ltd	156,794	691,228	100,918	590,310	487,594	97,156	90,662	NA
Shen Hua Chemical Industrial Co., Ltd	1,175,100	3,474,090	600,705	2,873,385	5,695,216	665,456	497,954	NA
TSRC (Nantong) Industries Ltd	2,996,904	6,194,429	1,477,249	4,717,180	3,809,429	455,432	316,229	NA
TSRC-UBE (Nantong) Chemical Industrial Company Limited	1,140,320	1,974,132	359,694	1,614,438	2,319,763	225,124	144,576	NA
TSRC (Vietnam) Co., Ltd.	256,572	667,962	470,343	197,619	-	(26,806)	(35,049)	NA

Note: Spot exchange rate on the balance sheet date under the title of assets=USD1:NTD 28.508.
Spot exchange rate on the balance sheet date under the title of income=USD1:NTD 29.592.

<2> Consolidated financial statements of the affiliated companies

Representation Letter

The entities that are required to be included in the combined financial statements of TSRC Corporation as of and for the year ended December 31, 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 the International Financial Reporting Standards No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TSRC Corporation does not prepare a separate set of combined financial statements.

Company name: TSRC Corporation

Chairman: Nita Ing

Date: March 11, 2021

<3> Relation Statement

Statement

The 2020 Relation Statement of the Company (from Jan. 1, 2020 to Dec. 31, 2020) was prepared in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the disclosed information was in accordance with the relevant information in the consolidated financial statement during the aforementioned period without major incompliance.

Hereby specified

Company name: TSRC Corporation

Chairman: Nita Ing

Date: March 11, 2021

Letter

To TSRC Corporation:

The 2020 Relation Statement prepared by TSRC Corporation was in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". The relevant financial information was reviewed according to the information disclosed in the notes of the consolidated financial statements during the aforementioned period by the accountants.

According to the review results from the accountants, the 2020 Relation Statement of TSRC Corporation disclosed relevant information in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". Its financial contents are consistent with the consolidated financial statement. Hence, there is no need for major modification.

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

1.Relation between the subordinate company and the controlling company

Unit: shares; %

Name of the Controlling Companies	Controlled Reasons	Shareholdings and pledges of the controlling companies			Employees sent by controlling company as directors, supervisors or managers	
		Shareholdings	Shareholding ratio	Pledged shares	Position	Name
Wei-Dar Development Corporation	Jointly control subordinate company with over half of the board	53,708,923	6.50	24,200,000	Chairman	Nita Ing
Han-De Construction Co., Ltd.		63,093,108	7.64	15,546,000	Director	Chin-Shan Chiang Jing-Lung Huang John T. Yu
Mao Shi Corporation	Controlling company of Wei-Dar Development Corporation and Han-De Construction Co., Ltd.					
Jade Fortune Enterprises Inc.	Controlling company of Mao Shi Corporation					
Palmy Corporation	Controlling company of Jade Fortune Enterprises Inc.					
Pan Asia Corporation	Controlling company of Palmy Corporation					
Vanteva Corporation	Controlling company of Pan Asia Corporation					
Montrion Corporation	Controlling company of Vanteva Corporation					

2.Trade correspondences

The trade correspondences of the Company with controlling company in 2020 are as follows:
(1) Import and sales trading: none.
(2) Property trading: none.
(3) Financing: none.
(4) Asset leasing: none.
(5) Others: none.

3. Endorsements/guarantees: none.

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

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

IV. Other matters that require additional description: No.

Other disclosures

<1> Employees' ethics

The Company established "Official Business Operation Code of Conduct" in 2002, followed by 6 amendments, clearly requesting the employees to use the resources and assets effectively, protect the business secrets, prevent insider trading and antitrust regulations, conduct fair trade, avoid conflict of interest between the Company and the individual, eliminate the opportunity to take private interests, prohibit bribery, follow the network access regulations, and comply with part-time job rules when executing relevant internal and external business within the scope of the work assigned by the Company. A corresponding punishment system is also available.

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

The Company established "Safety and Health Policy" to strengthen its core value of human-focused. The Company will pursue the goal of zero accidents and zero injuries through the principles of "technology", "safety and health culture", "responsibility" and "communication".

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

The Company has also achieved ISO 45001 and CNS 45001 requirements for certificates of Occupational Health and Safety Management System, and gained the ISO14001 environmental management system certification to duly fulfill its environmental responsibilities.

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

Representation Letter

The entities that are required to be included in the combined financial statements of TSRC Corporation as of and for the year ended December 31, 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

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.

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

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:				
Cash and cash equivalents (note 6(a))	$ 3,278,463	12	4,695,280	14
Current financial assets at fair value through profit or loss (note 6(b))	3,460	-	14	-
Notes receivable, net (note 6(d))	571,220	2	866,347	3
Accounts receivable, net (notes 6(d))	2,802,351	10	2,759,617	8
Other receivables (notes 6(e) and 7)	146,171	-	136,351	-
Current income tax assets	12,151	-	80	-
Inventories (note 6(f))	4,772,464	16	6,414,679	20
Other current assets	851,356	3	493,550	2
Total current assets	12,437,636	43	15,365,918	47
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6(c))	952,645	4	1,137,888	4
Investments accounted for under equity method (notes 6(g) and 7)	1,303,787	4	1,098,591	3
Property, plant and equipment (notes 6(h), 6(j), 8 and 9)	10,516,517	36	10,037,395	31
Right-of-use assets (note 6(i))	1,022,972	3	1,331,571	4
Investment property (note 6(j), 6(o))	1,566,873	5	1,581,599	5
Intangible assets (note 6(k))	1,012,405	3	1,669,885	5
Deferred income tax assets (note6(q))	288,429	1	220,439	1
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

See accompanying notes to consolidated financial statements.

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

Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
Current liabilities:				
Short-term borrowings (note 6(l))	$ 3,789,276	13	4,729,148	15
Current portion of long-term borrowings (notes 6(l) and 8)	2,784,129	10	287,235	1
Current financial liabilities at fair value through profit or loss (note 6(b))	32,628	-	5,672	-
Accounts payable	1,643,264	6	2,392,346	7
Accounts payable - related parties (note 7)	-	-	59,418	-
Current income tax liabilities	172,787	1	121,726	-
Other payables (notes 6(m), 6(p), 6(t) and 7)	1,204,135	4	1,309,810	4
Current lease liabilities (note 6(n))	139,263	-	175,942	-
Other current liabilities	128,285	-	219,238	1
Total current liabilities	9,893,767	34	9,300,535	28
Non-Current liabilities:				
Long-term bank borrowings (notes 6(l) and 8)	1,679,735	5	4,672,705	15
Other long-term borrowings (note 6(l))	349,341	1	349,287	1
Non-current provision liabilities (note 7)	31,819	-	19,227	-
Deferred income tax liabilities (note 6(q))	807,700	3	855,481	3
Non-current lease liabilities (note 6(n))	492,827	2	685,689	2
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)):				
Common stock	8,257,099	28	8,257,099	25
Capital surplus	49,531	-	47,140	-
Retained earnings				
Legal reserve	4,068,862	14	3,977,141	12
Unappropriated earnings	1,483,970	5	1,940,361	6
	5,552,832	19	5,917,502	18
Other equity:				
Financial statement translation differences for foreign operations	(198,125)	(1)	23,383	-
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	558,902	2	711,094	2
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
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.

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

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
Revenue (notes 6(u) and 7)	$ 24,024,443	100	28,910,723	100
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
Gross profit	2,937,269	12	3,377,284	12
Operating expenses (notes 6(d), 6(h), 6(i),6(k), 6(n), 6(p), 6(t) and 7):				
Selling expenses	949,953	4	976,947	3
General and administrative expenses	1,000,809	4	1,094,304	4
Research and development expenses	350,678	2	389,840	1
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
Other income and expenses, net (notes 6(j), 6(o), 6(p), 6(v) and 7)	182,859	1	167,475	-
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):				
Interest income	46,923	-	91,875	-
Other income	62,290	-	69,992	-
Other gains and losses	(588,796)	(2)	12,334	-
Finance costs	(123,569)	-	(188,550)	-
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	-
Net income before tax	520,671	2	1,254,638	4
Less: tax expenses (note 6(q))	305,410	1	437,518	1
Net income	215,261	1	817,120	3
Other comprehensive income:				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined benefit plans	(14,247)	-	(20,478)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(67,869)	-	106,662	-
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	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Exchange differences on translation of foreign financial statements	(247,989)	(1)	(499,164)	(2)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	48,102	-	(26,045)	-
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)
Other comprehensive income	(282,003)	(1)	(439,025)	(2)
Total comprehensive income	$ (66,742)	-	378,095	1
Net income (loss) attributable to:				
Shareholders of parent	$ (21,891)	-	740,316	3
Non-controlling interests	237,152	1	76,804	-
	$ 215,261	1	817,120	3
Total comprehensive income attributable to:				
Shareholders of parent	$ (326,108)	(1)	371,902	1
Non-controlling interests	259,366	1	6,193	-
	$ (66,742)	-	378,095	1
Basic earnings (losses) per share (New Taiwan Dollars) (note 6(s))	$ (0.03)		0.90	
Diluted earnings (losses) per share (in New Taiwan dollars) (note 6(s))	$ (0.03)		0.89	

See accompanying notes to consolidated financial statements.

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

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent				
			Retained earnings		
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total
Balance at January 1, 2019	$ 8,257,099	45,158	3,857,922	1,951,564	5,809,486
Appropriation and distribution of retained earnings:					
Legal reserve	-	-	119,219	(119,219)	-
Cash dividends	-	-	-	(809,195)	(809,195)
Other changes in capital surplus	-	1,982	-	-	-
Net income	-	-	-	740,316	740,316
Other comprehensive income (loss)	-	-	-	(20,478)	(20,478)
Total comprehensive income (loss)	-	-	-	719,838	719,838
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	197,373	197,373
Balance at December 31, 2019	8,257,099	47,140	3,977,141	1,940,361	5,917,502
Appropriation and distribution of retained earnings:					
Legal reserve	-	-	91,721	(91,721)	-
Cash dividends	-	-	-	(412,855)	(412,855)
Other changes in capital surplus	-	2,391	-	-	-
Net income (loss)	-	-	-	(21,891)	(21,891)
Other comprehensive income (loss)	-	-	-	(14,247)	(14,247)
Total comprehensive income (loss)	-	-	-	(36,138)	(36,138)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	84,323	84,323
Balance at December 31, 2020	$ 8,257,099	49,531	4,068,862	1,483,970	5,552,832

Equity attributable to owners of parent						
Total other equity interest						
Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
465,589	801,805	(68,134)	1,199,260	15,311,003	1,570,838	16,881,841
-	-	-	-	-	-	-
-	-	-	-	(809,195)	-	(809,195)
-	-	-	-	1,982	-	1,982
-	-	-	-	740,316	76,804	817,120
(442,206)	106,662	(12,392)	(347,936)	(368,414)	(70,611)	(439,025)
(442,206)	106,662	(12,392)	(347,936)	371,902	6,193	378,095
-	(197,373)	-	(197,373)	-	-	-
23,383	711,094	(80,526)	653,951	14,875,692	1,577,031	16,452,723
-	-	-	-	-	-	-
-	-	-	-	(412,855)	(116,858)	(529,713)
-	-	-	-	2,391	-	2,391
-	-	-	-	(21,891)	237,152	215,261
(221,508)	(67,869)	(593)	(289,970)	(304,217)	22,214	(282,003)
(221,508)	(67,869)	(593)	(289,970)	(326,108)	259,366	(66,742)
-	(84,323)	-	(84,323)	-	-	-
(198,125)	558,902	(81,119)	279,658	14,139,120	1,719,539	15,858,659

See accompanying notes to consolidated financial statements.

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

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 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

	2020	2019
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.

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

<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:

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<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.

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

Name of investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2020	December 31, 2019	
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.à r.l.	International commerce and investment	100.00%	100.00%	
TSRC (Lux.) Corporation S.à 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%	

Note1: 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%.

Note2: 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.

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

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

(f) Cash and cash equivalents

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

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

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

5) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) 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.

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(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.

(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.

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.

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.

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

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

(p) Provisions

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

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

(q) Revenue

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

(i) Sale of goods

The Group is mainly engaged in the manufacture and sale of various types of synthetic rubber. The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the ownership of the significant risks and rewards of the products have been transferred to the customer, and the Group is no longer engaged with the management of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract and the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

(ii) Management services

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

(iii) Financing components

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

(r) 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.

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.

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 USD	450/ 551	EUR/USD	2021.2.19~2021.2.26
Swap contracts	NTD USD	238,846/ 8,500	NTD/USD	2021.1.15~2021.1.22
Swap contracts	EUR USD	21,050/ 24,753	EUR/USD	2021.1.6~2021.2.3

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

(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

	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

(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	Proportion of equity and voting right 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

	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
Cost:				
Balance at January 1, 2020	$	614,101	143,699	4,051,022
Additions		140,061	-	-
Disposals		-	-	(6,734)
Reclassification		88,441	1,644	591,761
Effect on changes in exchange rates		(774)	(3,175)	36,320
Balance at December 31, 2020	$	841,829	142,168	4,672,369
Balance at January 1, 2019	$	614,101	106,999	3,998,164
Additions		-	-	-
Disposals		-	-	(476)
Reclassification		-	37,174	148,780
Effect on changes in exchange rates		-	(474)	(95,446)
Balance at December 31, 2019	$	614,101	143,699	4,051,022
Depreciation and impairment loss:				
Balance at January 1, 2020	$	-	90,293	2,314,620
Depreciation		-	5,232	137,546
Disposal		-	-	(3,490)
Reclassification		-	-	(654)
Effect on changes in exchange rates		-	(1,296)	16,451
Balance at December 31, 2020	$	-	94,229	2,464,473
Balance at January 1, 2019	$	-	88,237	2,236,682
Depreciation		-	2,525	129,079
Disposal		-	-	(241)
Effect on changes in exchange rates		-	(469)	(50,900)
Balance at December 31, 2019	$	-	90,293	2,314,620
Carrying value:				
December 31, 2020	$	841,829	47,939	2,207,896
January 1, 2019	$	614,101	18,762	1,761,482
December 31, 2019	$	614,101	53,406	1,736,402

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

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

Machinery	Furniture and fixtures and other equipment	Leased assets	Construction in progress	Total
20,332,811	244,989	-	2,844,971	28,231,593
29,676	92	-	1,256,316	1,426,145
(503,925)	(9,135)	-	-	(519,794)
2,215,069	13,376	-	(2,835,265)	75,026
(90,622)	(2,264)	-	(37,976)	(98,491)
21,983,009	247,058	-	1,228,046	29,114,479
20,282,127	228,273	94,596	1,210,859	26,535,119
18,710	237	-	2,436,899	2,455,846
(174,326)	(7,985)	-	-	(182,787)
548,816	28,392	(94,596)	(770,629)	(102,063)
(342,516)	(3,928)	-	(32,158)	(474,522)
20,332,811	244,989	-	2,844,971	28,231,593
15,614,341	174,944	-	-	18,194,198
745,908	17,414	-	-	906,100
(378,626)	(8,221)	-	-	(390,337)
(38)	(21)	-	-	(713)
(124,490)	(1,951)	-	-	(111,286)
15,857,095	182,165	-	-	18,597,962
15,270,710	170,641	-	-	17,766,270
727,445	14,688	-	-	873,737
(139,256)	(7,166)	-	-	(146,663)
(244,558)	(3,219)	-	-	(299,146)
15,614,341	174,944	-	-	18,194,198
6,125,914	64,893	-	1,228,046	10,516,517
5,011,417	57,632	94,596	1,210,859	8,768,849
4,718,470	70,045	-	2,844,971	10,037,395

(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
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.

(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
Costs:				
Balance at January 1, 2020	$	995,035	246,832	206,793
Additions		25,300	146	-
Reclassification		-	14,069	-
Effect of changes in exchange rates		(40,036)	948	(10,976)
Balance at December 31, 2020	$	980,299	261,995	195,817
Balance at January 1, 2019	$	1,021,038	244,543	211,100
Disposals		-	(688)	-
Reclassification		-	5,529	-
Effect of changes in exchange rates		(26,003)	(2,552)	(4,307)
Balance at December 31, 2019	$	995,035	246,832	206,793
Amortization and impairment losses:				
Balance at January 1, 2020	$	491,771	234,745	-
Amortization		48,157	11,363	-
Impairment loss		66,582	-	203,263
Effect of changes in exchange rates		(19,067)	974	(7,446)
Balance at December 31, 2020	$	587,443	247,082	195,817
Balance at January 1, 2019	$	458,237	219,742	-
Amortization		50,065	18,197	-
Disposals		-	(688)	-
Effect of changes in exchange rates		(16,531)	(2,506)	-
Balance at December 31, 2019	$	491,771	234,745	-
Carrying value:				
December 31, 2020	$	392,856	14,913	-
January 1, 2019	$	562,801	24,801	211,100
December 31, 2019	$	503,264	12,087	206,793

(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

(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.

Patent and trademark	Customer relationship	Non-compete agreement	Total
592,543	1,080,805	9,032	3,131,040
-	-	-	25,446
-	-	-	14,069
(31,453)	(57,368)	(479)	(139,364)
561,090	1,023,437	8,553	3,031,191
604,885	1,103,315	9,220	3,194,101
-	-	-	(688)
-	-	-	5,529
(12,342)	(22,510)	(188)	(67,902)
592,543	1,080,805	9,032	3,131,040
200,235	525,372	9,032	1,461,155
23,059	54,974	-	137,553
141,733	84,167	-	495,745
(16,666)	(32,983)	(479)	(75,667)
348,361	631,530	8,553	2,018,786
180,282	475,019	9,220	1,342,500
24,274	61,674	-	154,210
-	-	-	(688)
(4,321)	(11,321)	(188)	(34,867)
200,235	525,372	9,032	1,461,155
212,729	391,907	-	1,012,405
424,603	628,296	-	1,851,601
392,308	555,433	-	1,669,885

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

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.

(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).

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.

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

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

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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)

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

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.

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.

(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.

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.

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
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.

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

(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

(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
December 31, 2020			
Non-derivative financial liabilities			
Short-term borrowings	$	3,795,442	3,675,788
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
Lease liabilities		653,406	71,505
Deposits received		62,118	-
Derivative financial liabilities			
Other swap contracts/other forward contracts:			
Outflow		32,628	32,628
	$	12,301,789	7,866,635
December 31, 2019			
Non-derivative financial liabilities			
Short-term borrowings	$	4,745,864	4,468,550
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
Lease liabilities		920,136	91,830
Deposits received		54,206	-
Derivative financial liabilities			
Other swap contracts/other forward contracts:			
Outflow		5,672	5,672
	$	14,999,263	8,515,840

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

6-12 months	1-2 years	2-5 years	Over 5 years
119,654	-	-	-
-	-	-	-
-	-	-	-
1,593,226	1,084,767	993,488	-
71,505	120,293	191,367	198,736
-	46,461	12,536	3,121
-	-	-	-
1,784,385	1,251,521	1,197,391	201,857
277,314	-	-	-
-	-	-	-
-	-	-	-
232,521	3,195,864	1,895,212	-
91,830	158,655	310,188	267,633
-	41,670	12,536	-
-	-	-	-
601,665	3,396,189	2,217,936	267,633

(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
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	Level 2	Level 3	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	Level 2	Level 3	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

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

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.

(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.

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.	〃
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

(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

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

<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

Note1 : Other personnel expenses included meals, employee welfare, training expenses, employees' bonus and director's remuneration.
Note2 : 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.

<13> Other disclosures

(a) Information on significant transactions:

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

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance
1	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	Loan	Yes	265,847	87,626

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

Unit: thousand NTD

Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
						Item	Value		
-	-	2	-	Operating capital	-		-	295,155 (Note 1)	590,310 (Note2)

(ii) Guarantees and endorsements for other parties:

No.	Name of Company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements
		Name	Relationship with the Company			
0	TSRC	TSRC (USA) Investment Corporation	4	(Note 2)	907,620	427,620
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	1,577,416	1,577,416
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	2,428,087	949,316
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	531,566	504,592
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	303,300	285,080

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.

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

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

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

Unit: thousand NTD

Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of Company in Mainland China
353,499	-	3.02%	(Note 3)	Y		
229,043	-	11.16%	(Note 3)			Y
949,316	-	6.71%	(Note 3)			
430,471	-	3.57%	(Note 3)	Y		
178,458	-	2.02%	(Note 3)	Y		

Unit: thousand NTD

Ending balance				Maximum investment in 2020	Remarks
Number of shares	Book value	Holding percentage	Market value		
12,148,000	413,517	3.04%	413,517	209,878	
599,999	81,960	5.42%	81,960	65,143	
5,657,000	342,758	3.90%	342,758	64,296	
837,552	114,410	7.57%	114,410	54,424	
	952,645		952,645	393,741	

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

Name of Company	Counter-party	Relationship
TSRC (Lux.) Corporation S.à r.l.	TSRC	Parent and subsidiary companies
TSRC	TSRC (Lux.) Corporation S.à r.l.	Parent and subsidiary companies
TSRC Specialty Materials LLC	TSRC	Parent and subsidiary companies
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	Related parties
TSRC (Lux.) Corporation S.à r.l.	TSRC Specialty Materials LLC	Related parties
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.à r.l.	Related parties
TSRC (Lux.) Corporation S.à r.l.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.à r.l.	Related parties

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).

Unit: thousand NTD

Transaction details				Status and reason for deviation from arm's length transaction		Account / note receivable (payable)		Remarks
Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Purchase	230,533	11.85%	70 days	-		(32,789)	(19.05)%	
Sale	(230,533)	(2.76)%	70 days	-		32,789	3.16%	
Purchase	176,654	9.02%	70 days	-		(28,863)	(12.55)%	
Sale	(176,654)	(2.12)%	70 days	-		28,863	2.78%	
Purchase	179,904	64.66%	40 days	-		(15,108)	(80.58)%	
Sale	(179,904)	(4.72)%	40 days	-		15,108	3.36%	
Purchase	638,188	32.81%	90 days	-		(48,424)	(28.14)%	
Sale	(638,188)	(18.35)%	90 days	-		48,424	12.90%	
Purchase	1,066,767	54.84%	70 days	-		(93,832)	(54.53)%	
Sale	(1,066,767)	(28.00)%	70 days	-		93,832	20.85%	

(x) Business relationships and significant intercompany transactions:

No.	Name of Company	Name of counter party	Existing relationship with the counter-party
0	TSRC	TSRC (Nantong) Industries Ltd.	1
0	TSRC	TSRC (Nantong) Industries Ltd.	1
0	TSRC	TSRC (Lux.) Corporation S.à r.l.	1
0	TSRC	TSRC (Lux.) Corporation S.à r.l.	1
0	TSRC	Polybus Corporation Pte Ltd.	1
0	TSRC	TSRC Specialty Materials LLC	1
0	TSRC	TSRC (Nantong) Industries Ltd.	1
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	3
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.à r.l.	3
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.à r.l.	3
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.à r.l.	3
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.à r.l.	3
3	TSRC (Lux.) Corporation S.à r.l.	TSRC	2
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3

Note1 : Company numbering is as follows:
(1) Parent company - 0.
(2) Subsidiary starts from 1.

Note2 : 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.

Note3 : 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.

Note4 : TSRC's guarantees for bank loans of investees.

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

Unit: thousand NTD

Transaction details			
Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
Sales revenue	80,721	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.34%
Other income and expenses	45,871	〃	0.19%
Sales revenue	230,533	〃	0.96%
Accounts receivable	32,789	〃	0.11%
Sales revenue	48,988	〃	0.20%
Sales revenue	176,654	〃	0.74%
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%
Sales revenue	42,166	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.18%
Sales revenue	179,904	〃	0.75%
Sales revenue	1,066,767	〃	4.44%
Accounts receivable	93,832	〃	0.32%
Other income and expenses	214,865	〃	0.89%
Sales revenue	638,188	The transaction is not significantly different from normal transactions, and the collection terms were about three months	2.66%
Accounts receivable	48,424	〃	0.17%
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%
Sales revenue	54,876	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.23%

(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):

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

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to 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:

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
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,175,100 (USD41,220)	(2)a.	-
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)
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	156,794 (USD5,500)	(2)b.	111,751 (USD3,920)
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	85,524 (USD3,000)	(2)d.	42,762 (USD1,500)
TSRC-UBE (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	1,140,320 (USD40,000)	(2)a.	28,508 (USD1,000)
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	2,996,904 (USD105,125)	(2)a.	189,521 (USD6,648)
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,277,158 (USD44,800)	(2)a.	-

Unit: thousand NTD/thousand USD/thousand EUR

Original cost		Ending balance			Maximum investment amount in 2020	Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Book value				
1,005,495	1,005,495	86,920,000	100.00%	12,779,698	1,005,495	395,611	395,611	Subsidiary
109,442	109,442	3,896,305	100.00%	553,628	109,442	60,952	60,952	Subsidiary
38,376	38,376	1,161,004	19.48%	114,017	38,376	86,045	16,761	Subsidiary (note 2)
278,280	278,280	-	100.00%	197,619	278,280	(35,049)	(35,049)	Subsidiary
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
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
840,216 (USD29,473)	840,216 (USD29,473)	222,861,375	50.00%	512,624	840,216	280,563	140,281	-
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
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
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
1,425 (USD50)	1,425 (USD50)	50,000	100.00%	59,006	1,425	(8,247)	(8,247)	Indirectly owned subsidiary
136,810 (USD4,799)	136,810 (USD4,799)	4,798,566	80.52%	492,601	136,810	86,045	69,284	Indirectly owned subsidiary
321,713 (USD11,285)	321,713 (USD11,285)	7,522,337	37.78%	409,244	321,713	208,822	78,893	-

Unit: thousand NTD/thousand USD

Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2020	Net income (loss) of investee	Direct / indirect investment holding percentage	Maximum investment in 2020	Investment income (loss)	Book value	Accumulated remittance of earnings in current period
Remittance amount	Repatriation amount							
-	-	-	497,954	65.44%	768,985 (Note 2)	325,861 (Note 2)	1,896,262	4,786,340
-	-	109,243 (USD3,832)	324,574	28.34%	186,629 (Note 3)	91,984 (Note 3)	382,844	358,308
-	-	111,751 (USD3,920)	90,662	100.00%	156,794 (Note 2)	90,662 (Note 2)	590,310	-
-	-	42,762 (USD1,500)	(16,260)	50.00%	42,762 (Note 2)	(8,130) (Note 2)	58,632	74,060
-	-	28,508 (USD1,000)	144,576	55.00%	627,176 (Note 2)	79,517 (Note 2)	887,941	-
-	-	189,521 (USD6,648)	316,229	100.00%	2,996,904 (Note 2)	316,229 (Note 2)	4,717,180	440,864
-	-	-	180,927	50.00%	638,579 (Note 3)	90,464 (Note 3)	323,287	-

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)

Note1 : In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China" amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau, Ministry of Economic Affairs, on August 23, 2018. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from August 20, 2018 to August 19, 2021.
Note2 : This amount includes capital increase out of earnings, approved by the Investment Commission, MOEA.
Note3 : Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD28.508).

(iii) Significant transactions:

Related information is provided in note 13(a).

<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)	$	-	-	-	-

	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

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.

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

Independent Auditors' Report

To the Board of Directors of TSRC Corporation:

Opinion

We have audited the parent company only financial statements of TSRC Corporation, which comprise the parent company only balance sheets as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the TSRC Corporation as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits of the parent company only 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 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 parent company only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to note 4(q) and 6(u) for disclosures related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating the TSRC Corporation's finance or operating performance. The accuracy of the timing and amount of revenue recognized have significant impact on the financial statements, for which the assumptions and judgments of revenue measurement and recognition rely on subjective judgments of the management. Therefore, we consider it as the key audit matter.

How the matter was addressed in our audit:

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

2. Inventory measurement

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

3. Impairment of investments accounted for using equity method

Refer to note 4(o), note 5(b), and note 6(g) disclosures related to the impairment of investments accounted for using equity method.
Description of key audit matter:
According to the government regulations, intangible assets including goodwill and other intangible assets arising from past acquisition of subsidiaries, which are included within the carrying amount of investments accounted for using equity method, 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.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the parent company only financial statements, management is responsible for assessing the TSRC Corporation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the TSRC Corporation or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the TSRC Corporation's financial reporting process.

Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
The engagement partners on the audit resulting in this independent auditors’ report are Ming-Hung Huang and Lin Wu.

KPMG

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

TSRC CORPORATION

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
Assets	Amount	%	Amount	%
Current assets:				
Cash and cash equivalents (note 6(a))	$ 134,602	1	417,440	2
Financial assets at fair value through profit or loss - current (note 6(b))	3,460	-	14	-
Notes receivable, net (note 6(d))	2,342	-	2,662	-
Accounts receivable, net (note 6(d))	945,414	4	949,468	4
Account receivable - related parties (notes 6(d) and 7)	87,273	-	114,471	-
Other receivables (notes 6(e) and 7)	117,821	1	189,551	1
Current income tax assets	12,151	-	80	-
Inventories (note 6(f))	1,483,926	7	2,214,079	9
Other current assets	342,902	2	136,531	-
Total current assets	3,129,891	15	4,024,296	16
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6(c))	838,235	4	932,437	4
Investments accounted for under equity method (notes 6(g) and 7)	13,644,962	61	14,719,161	61
Property, plant and equipment (notes 6(h), 6(j) and 9)	2,978,757	13	2,727,714	11
Right-of-use assets (note 6(i))	43,131	-	177,841	1
Investment property (notes 6(j) and 6(o))	1,566,873	7	1,581,599	7
Intangible assets (note 6(k))	65,098	-	44,819	-
Deferred income tax assets (note 6(q))	67,126	-	71,630	-
Other non-current assets	41,250	-	12,149	-
Total non-current assets	19,245,432	85	20,267,350	84
Total assets	$ 22,375,323	100	24,291,646	100

See accompanying notes to parent company only financial statements.

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

	December 31, 2020		December 31, 2019	
Liabilities and Equity	Amount	%	Amount	%
Current liabilities:				
Short-term borrowings (note 6(l))	$ 2,697,482	12	3,135,563	13
Current portion of long-term borrowings (note 6(l))	2,100,000	9	100,000	-
Financial liabilities at fair value through profit or loss ─ current (note 6(b))	81	-	228	-
Accounts payables (note 7)	674,118	4	866,363	4
Current income tax liabilities	12,201	-	-	-
Other payable (notes 6(m), 6(p), 6(t) and 7)	509,913	3	629,017	3
Current lease liabilities (note 6(n))	29,417	-	52,313	-
Other current liabilities	14,639	-	30,338	-
Total current liabilities	6,037,851	28	4,813,822	20
Non-Current liabilities:				
Long-term bank borrowings (note 6(l))	973,718	4	3,350,000	14
Other long-term borrowings (note 6(l))	349,341	2	349,287	1
Provision liabilities - non-current (note 7)	31,819	-	19,227	-
Deferred income tax liabilities (note 6(q))	739,404	3	697,737	3
Non-current lease liabilities (note 6(n))	15,034	-	61,249	-
Other non-current liabilities (notes 6(l) and 6(p))	89,036	-	124,632	1
Total non-current liabilities	2,198,352	9	4,602,132	19
Total liabilities	8,236,203	37	9,415,954	39
Equity attributable to shareholders of the company (notes 6(c), 6(p), 6(r) and 6(x)):				
Common stock	8,257,099	37	8,257,099	34
Capital surplus	49,531	-	47,140	-
Retained earnings:				
Legal reserve	4,068,862	18	3,977,141	16
Unappropriated earnings	1,483,970	7	1,940,361	8
	5,552,832	25	5,917,502	24
Other equity:				
Financial statement translation differences for foreign operations	(198,125)	(1)	23,383	-
Unrealized gain on financial assets measured at fair value through other comprehensive income	558,902	2	711,094	3
Gains (losses) on hedging instrument	(81,119)	-	(80,526)	-
	279,658	1	653,951	3
Total equity	14,139,120	63	14,875,692	61
Total liabilities and equity	$ 22,375,323	100	24,291,646	100

See accompanying notes to parent company only financial statements.

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

TSRC CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
Revenue (notes 6(u) and 7)	$ 8,344,155	100	10,856,945	100
Operating costs (notes 6(f), 6(h), 6(i), 6(k), 6(m), 6(n), 6(p), 6(t) and 7)	7,865,980	94	9,764,551	90
Gross profit from operations	478,175	6	1,092,394	10
Less: Unrealized gain (loss) on affiliated transactions	(11,712)	-	20,037	-
Gross profit	489,887	6	1,072,357	10
Operating expenses (notes 6(d), 6(h), 6(i), 6(k), 6(n), 6(p), 6(t) and 7):				
Selling expenses	342,250	4	370,291	3
General and administrative expenses	441,427	5	470,035	4
Research and development expenses	264,001	3	277,659	3
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(138)	-	202	-
Total operating expenses	1,047,540	12	1,118,187	10
Other income and expenses, net (notes 6(j), 6(o), 6(p), 6(v) and 7)	210,685	2	175,711	2
Operating profit (loss)	(346,968)	(4)	129,881	2
Non-operating income and expenses (notes 6(g), 6(n) and 6(w) and 7):				
Interest income	6,503	-	8,887	-
Other income	56,878	1	63,426	1
Other gains and losses	5,956	-	21,259	-
Finance costs	(78,788)	(1)	(101,610)	(1)
Share of profit from the subsidiaries, the associates and joint ventures	438,275	5	796,066	7
Total non-operating income and expenses	428,824	5	788,028	7
Net income before tax	81,856	1	917,909	9
Less: Income tax expenses (note 6(q))	103,747	1	177,593	2
Net income (loss)	(21,891)	-	740,316	7
Other comprehensive income:				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined benefit plans	(14,247)	-	(20,478)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	20,122	-	104,125	1
Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(87,991)	(1)	2,537	-
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)	(1)	86,184	1
Items that may be reclassified subsequently to profit or loss				
Financial statements translation differences for foreign operations	(221,508)	(3)	(442,206)	(4)
Share of other comprehensive income of subsidiaries accounted for using equity method	(593)	-	(12,392)	-
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	(222,101)	(3)	(454,598)	(4)
Other comprehensive income	(304,217)	(4)	(368,414)	(3)
Total comprehensive income	$ (326,108)	(4)	371,902	4
Basic earnings (losses) per share (in New Taiwan dollars) (note 6(s))	$ (0.03)		0.90	
Diluted earnings (losses) per share (in New Taiwan dollars) (note 6(s))	$ (0.03)		0.89	

See accompanying notes to parent company only financial statements.

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

TSRC CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

	Common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Unappropriated retained earnings	Total
Balance at January 1, 2019	$ 8,257,099	45,158	3,857,922	1,951,564	5,809,486
Appropriation and distribution:					
Legal reserve	-	-	119,219	(119,219)	-
Cash dividends	-	-	-	(809,195)	(809,195)
Other changes in capital surplus	-	1,982	-	-	-
Net income	-	-	-	740,316	740,316
Other comprehensive income (loss)	-	-	-	(20,478)	(20,478)
Total comprehensive income (loss)	-	-	-	719,838	719,838
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	197,373	197,373
Balance at December 31, 2019	8,257,099	47,140	3,977,141	1,940,361	5,917,502
Appropriation and distribution:					
Legal reserve	-	-	91,721	(91,721)	-
Cash dividends	-	-	-	(412,855)	(412,855)
Other changes in capital surplus	-	2,391	-	-	-
Net loss	-	-	-	(21,891)	(21,891)
Other comprehensive income (loss)	-	-	-	(14,247)	(14,247)
Total comprehensive income (loss)	-	-	-	(36,138)	(36,138)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	84,323	84,323
Balance at December 31, 2020	$ 8,257,099	49,531	4,068,862	1,483,970	5,552,832

(Expressed in Thousands of New Taiwan Dollars)

Total other equity interest				
Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on effective portion of cash flow hedges	Total	Total equity
465,589	801,805	(68,134)	1,199,260	15,311,003
-	-	-	-	-
-	-	-	-	(809,195)
-	-	-	-	1,982
-	-	-	-	740,316
(442,206)	106,662	(12,392)	(347,936)	(368,414)
(442,206)	106,662	(12,392)	(347,936)	371,902
-	(197,373)	-	(197,373)	-
23,383	711,094	(80,526)	653,951	14,875,692
-	-	-	-	-
-	-	-	-	(412,855)
-	-	-	-	2,391
-	-	-	-	(21,891)
(221,508)	(67,869)	(593)	(289,970)	(304,217)
(221,508)	(67,869)	(593)	(289,970)	(326,108)
-	(84,323)	-	(84,323)	-
(198,125)	558,902	(81,119)	279,658	14,139,120

See accompanying notes to parent company only financial statements.

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

TSRC CORPORATION

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Net income before tax	$ 81,856	917,909
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	321,969	307,051
Amortization	20,418	24,699
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(138)	202
Interest expense	78,788	101,610
Interest income	(6,503)	(8,887)
Dividend income	(56,878)	(63,426)
Share of profit of subsidiaries accounted for under equity method	(438,275)	(796,066)
Unrealized gain (loss) on affiliated transactions	(11,712)	20,037
Amortization to operating costs and inventories	34,096	35,409
Unearned revenue from technology provided to investee	(53,496)	37,394
Total adjustments to reconcile profit and loss	(111,731)	(341,977)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(3,446)	(14)
Notes receivable	320	(621)
Accounts receivable	4,192	112,625
Accounts receivable - related parties	27,198	(55,689)
Other receivables	50,868	(34,095)
Inventories	730,153	255,049
Other current assets	28,727	(1,602)
Total changes in operating assets, net	838,012	275,653
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(147)	228
Accounts payable	(192,245)	(47,859)
Other payables	(104,719)	11,696
Other current liabilities	(15,699)	(20,246)
Net defined benefit liability	(54,978)	(49,035)
Other non-current liabilities	5,135	(3,138)
Total changes in operating liabilities, net	(362,653)	(108,354)
Total changes in operating assets and liabilities, net	475,359	167,299

	2020	2019
Total adjustments	363,628	(174,678)
Cash provided by operating activities	445,484	743,231
Interest income received	6,284	8,877
Interest paid	(78,642)	(94,573)
Income taxes paid	(57,446)	(18,741)
Net cash flows from operating activities	315,680	638,794
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	(529,145)	(310,315)
Increase (decrease) in other non-current assets	(11,101)	30,366
Dividends received	1,337,061	63,426
Increase in restricted assets	(254,987)	-
Net cash flows from investing activities	677,232	29,779
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	28,610,459	14,293,533
Decrease in short-term borrowings	(29,048,540)	(13,512,538)
Proceeds from long-term borrowings	73,718	500,000
Repayments of long-term borrowings	(450,000)	(850,000)
Decrease in other long-term borrowings	-	(155,663)
Payment of lease liabilities	(51,357)	(59,344)
Cash dividends paid	(412,421)	(807,552)
Over-aging unclaimed dividends	2,391	1,982
Net cash used in financing activities	(1,275,750)	(589,582)
Net increase (decrease) in cash and cash equivalents	(282,838)	78,991
Cash and cash equivalents at beginning of period	417,440	338,449
Cash and cash equivalents at end of period	$ 134,602	417,440

See accompanying notes to parent company only financial statements.

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

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

<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 Company is mainly engaged in the manufacture, import, and sale of various types of synthetic rubber, and the import, export, and sale of related raw materials.

<2> Approval date and procedures of the financial statements

The parent company only financial statements were approved by 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 Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only 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 Company 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 parent company only 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 Company, 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 Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent company only financial position and parent company only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company 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 parent company only financial statements:

<4> Summary of significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

(ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment. The Company's financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

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

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

(i) an investment in equity securities designated as at fair value through other comprehensive income;

(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(iii) qualifying cash flow hedges to the extent that the hedges are effective.

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

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

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

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

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

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

(e) Cash and cash equivalents

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

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

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

5) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

6) Financial guarantee contract

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

A financial guarantee contract not designated as at fair value through profit or loss issued by the Company is recognized initially at fair value plus any directly attributable transaction cost. After initial recognition, it is measured at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the IFRS 15.

(iii) Derivative financial instruments and hedge accounting

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

(g) Inventories

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

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

(h) Investment in associates

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

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

The financial statements include the Company's share of the profit or loss and other comprehensive income of equity accounted investees after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the changes in ownership interests of the associate in capital surplus in proportion to its ownership interests.

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

When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(i) Investment in subsidiaries

When preparing the Company's financial statements, investments in subsidiaries which are controlled by the Company using the equity method. Under the equity method, the net income, other comprehensive income, and equity in the financial statements are equivalent to those attributable to the shareholders of the parent company in the parent company only financial statements.

Changes in ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions.

If the investment in shares is not made by cash but in exchange with providing service or other assets, the cost of the investment is determined by either the fair value of shares purchased, the fair value of the service provided, or the fair value of the assets exchanged, which ever can be determined more objectively. If the investment in subsidiary is in exchange with service to be provided in the future, the account "investment in equity method" should be credited and reversed to recognized investment income based on the timing of the service provided under a reasonable accounting system.

(j) Joint arrangement

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Reclassification to investment properties

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

(iii) Subsequent cost

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

(iv) Depreciation

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

Land has an unlimited useful life and therefore is not depreciated.

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

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

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

(l) Investment property

Investment property is property held either to earn rental income or for capital appreciation, or for both, but not for sale in the ordinary course of business used 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 lease term. 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 Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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

2) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
3) the Company has the right to direct use of the asset when it has the decision-making rights that are most relevant to changing how, and for what purpose, the asset is used. In rare cases where the decision about how, and for what purpose, the asset is used is predetermined, the Company has the right to direct the use of an asset if either:
   - the Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
   - the Company designed the asset in a way that predetermines how, and for what purpose, it will be used.

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

(ii) As a leasee

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

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

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

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:
- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company' s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment of the underlying asset purchase option; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

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

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

The Company presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

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

(iii) As a lessor

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

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

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

(n) Intangible assets

Intangible assets comprise computer software and industrial technology and are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

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

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

(i) Computer software 3 years
(ii) Industrial technology 10 years

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

(o) Impairment - non-financial assets

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

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

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

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

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Provisions

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

(q) Revenue

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

(i) Sale of goods

The Company is mainly engaged in the manufacture and sale of various types of synthetic rubber. The Company recognizes revenue when control of the products has been transferred. When the products are delivered to the customer, the ownership of the significant risks and rewards of the products have been transferred to the customer, and the Company is no longer engaged with the management of the products. Delivery occurs being when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract and the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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

(ii) Management services

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

(iii) Financing components

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

(r) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(s) Government grants

The Company recognizes an 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 Company 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 Company 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.

(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 Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

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

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

i. the same taxable entity; or

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

A deferred tax asset should be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(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

The Company has disclosed information about operating segments in its consolidated financial statements. Hence no further information is disclosed in the financial statements.

<5> Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent company only financial statements in conformity with the Regulations by Securities Issuers requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The Management will continually review the estimates and basic assumptions. Changes in accounting estimates will be recognized in the period of change and the future period of their impact.

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

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

(a) Inventory measurement

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

(b) Impairment of investments accounted for using equity method

The assessment of impairment of intangible assets requires the company 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(g) 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
Checking and savings deposits	$ 134,602	267,440
Commercial paper with reverse sell agreements	-	150,000
Cash and cash equivalents per statements of cash flow	$ 134,602	417,440

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

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

	December 31, 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	$ 81	228

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

	December 31, 2020			
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR USD	450/ 551	EUR/TWD	2021.02.19~2021.02.26
Swap contracts	NTD USD	238,846/ 8,500	USD/TWD	2021.01.15~2021.01.22

	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	2020.01.20

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

	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)	838,235	817,237
Total	$ 838,235	932,437

(i) Equity investments at fair value through other comprehensive income

The Company held equity instrument investment for long-term strategic purposes, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income.

Due to the financial asset activation, the Company sold the share of Taiwan High-speed Railway Co., Ltd. at the fair value in the 2020 and 2019, the fair value at that time of disposition was $114,323 thousand and $267,383 thousand and accumulated disposition benefit was $84,323 thousand and $197,373 thousand, the cumulative disposition benefits have been transferred from other equity to retained earnings.

(ii) For dividend income, please refer to note 6(w).

(iii) For market risk, please refer to note 6(y).

(iv) The Company did not hold any collateral for the collectible amounts.

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

	Foreign currency amount (thousand dollars)	Exchange rate	TWD
December 31, 2020			
THB	$ 85,768	0.9556	81,960
December 31, 2019			
THB	145,752	1.0098	147,180

(d) Notes and accounts receivable (including related parties)

	December 31, 2020	December 31, 2019
Notes receivable	$ 2,342	2,662
Accounts receivable	947,102	951,294
Accounts receivable - related parties	87,273	114,471
Less: allowance for impairment	1,688	1,826
	$ 1,035,029	1,066,601

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

	December 31, 2020			
		Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$	1,036,717	0.09%~0.17%	1,688

	December 31, 2019			
		Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$	1,067,755	0.13%~0.35%	1,808
1 to 30 days past due		672	1.03%~2.74%	18
	$	1,068,427		1,826

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

		2020	2019
Balance at beginning of period	$	1,826	1,624
Impairment losses recognized (reversed)		(138)	202
Balance at end of period	$	1,688	1,826

The Company did not hold any collateral for the collectible amounts. For other credit risk 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	$	104,489	157,587
Other		13,332	31,964
	$	117,821	189,551

As of December 31, 2020 and 2019, the Company had no other receivables that were past due. For other credit risk information, please refers to note 6(y).

(f) Inventories

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

		December 31, 2020	December 31, 2019
Raw materials	$	542,024	630,096
Supplies		2,768	11,019
Work in progress		110,485	120,764
Finished goods		823,715	1,448,729
Merchandise		4,934	3,471
Total	$	1,483,926	2,214,079

As of December 31, 2020 and 2019, the Company 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 costs were as follows:

		2020	2019
Loss on decline in market value of inventory	$	1,111	33,646
Income from sale of scrap		(12,063)	(23,850)
Unallocated production overhead		166,390	42,631
Total	$	155,438	52,427

(g) Investments accounted for under the equity method

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

	December 31, 2020	December 31, 2019
Subsidiaries	$ 13,644,962	14,719,161

As of December 31, 2020 and 2019, the Company did not pledge any collateral on investments accounted for under the equity method.

(h) Property, plant and equipment

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

		Land	Land improvements	Buildings
Cost or deemed cost:				
Balance at January 1, 2020	$	614,101	85,030	1,207,726
Additions		140,061	-	-
Disposals		-	-	-
Reclassification		67,307	-	7,958
Balance at December 31, 2020	$	821,469	85,030	1,215,684
Balance at January 1, 2019	$	614,101	83,755	1,204,304
Additions		-	-	-
Disposals		-	-	(188)
Reclassification		-	1,275	3,610
Balance at December 31, 2019	$	614,101	85,030	1,207,726
Depreciation and impairment loss:				
Balance at January 1, 2020	$	-	67,778	898,493
Depreciation		-	2,486	30,417
Disposal		-	-	-
Balance at December 31, 2020	$	-	70,264	928,910
Balance at January 1, 2019	$	-	65,312	868,970
Depreciation		-	2,466	29,711
Disposal		-	-	(188)
Balance at December 31, 2019	$	-	67,778	898,493
Carrying value:				
December 31, 2020	$	821,469	14,766	286,774
December 31, 2019	$	614,101	17,252	309,233
January 1, 2019	$	614,101	18,443	335,334

The Company did not pledge any collateral on property, plant and equipment.

(i) Right-of-use assets

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

		Land	Building	Machinery	Transportation equipment	Total
Cost:						
Balance at January 1, 2020	$	95,998	56,506	38,689	3,309	194,502
Additions		-	10,258	-	-	10,258
Write-off		-	(3,695)	-	-	(3,695)
Reclassify to construction in progress		(94,596)	-	-	-	(94,596)
Amortization to operating costs and inventories		-	(6,850)	(27,246)	-	(34,096)
Balance at December 31, 2020	$	1,402	56,219	11,443	3,309	72,373
Balance at January 1, 2019	$	95,998	63,562	65,935	3,309	228,804
Additions		-	1,107	-	-	1,107
Amortization to operating costs and inventories		-	(8,163)	(27,246)	-	(35,409)
Balance at December 31, 2019	$	95,998	56,506	38,689	3,309	194,502

Machinery	Furniture and fixtures	Leased assets	Prepayments for equipment and construction in progress	Total
9,049,463	101,582	-	353,648	11,411,550
-	-	-	350,038	490,099
(52,138)	-	-	-	(52,138)
369,710	8,388	-	(401,452)	51,911
9,367,035	109,970	-	302,234	11,901,422
8,910,692	91,968	94,596	242,237	11,241,653
-	-	-	311,960	311,960
(43,539)	-	-	-	(43,727)
182,310	9,614	(94,596)	(200,549)	(98,336)
9,049,463	101,582	-	353,648	11,411,550
7,646,885	70,680	-	-	8,683,836
248,143	9,921	-	-	290,967
(52,138)	-	-	-	(52,138)
7,842,890	80,601	-	-	8,922,665
7,455,398	62,218	-	-	8,451,898
235,026	8,462	-	-	275,665
(43,539)	-	-	-	(43,727)
7,646,885	70,680	-	-	8,683,836
1,524,145	29,369	-	302,234	2,978,757
1,402,578	30,902	-	353,648	2,727,714
1,455,294	29,750	94,596	242,237	2,789,755

		Land	Building	Machinery	Transportation equipment	Total
Accumulated depreciation and impairment losses:						
Balance at January 1, 2020	$	280	15,262	-	1,119	16,661
Depreciation		281	14,876	-	1,119	16,276
Write-off		-	(3,695)	-	-	(3,695)
Balance at December 31, 2020	$	561	26,443	-	2,238	29,242
Balance at January 1, 2019	$	-	-	-	-	-
Depreciation		280	15,262	-	1,119	16,661
Balance at December 31, 2019	$	280	15,262	-	1,119	16,661
Carrying value:						
December 31, 2020	$	841	29,776	11,443	1,071	43,131
December 31, 2019	$	95,718	41,244	38,689	2,190	177,841
January 1, 2019	$	95,998	63,562	65,935	3,309	228,804

(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
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 December 31, 2019	$	1,073,579	508,020	1,581,599
Balance as at January 1, 2019	$	1,073,579	522,745	1,596,324
Fair value:				
Balance as at December 31, 2020				$ 3,336,956
Balance as at December 31, 2019				$ 3,334,675
Balance as at January 1, 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 is based on a valuation by an independent appraiser. The range of yields applied to the net annual rentals to determine fair value of property were as follows:

Region	2020	2019
Da'an Dist., Taipei City	2.10%	2.10%

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

As of December 31, 2020 and 2019, the Company did not pledge any collateral on investment properties.

(k) Intangible assets

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

	Industrial technology	Computer software	Total
Costs:			
Balance at January 1, 2020	$ 73,913	172,706	246,619
Reclassification	25,300	15,397	40,697
Balance at December 31, 2020	$ 99,213	188,103	287,316
Balance at January 1, 2019	$ 73,913	168,966	242,879
Reclassification	-	3,740	3,740
Balance at December 31, 2019	$ 73,913	172,706	246,619
Amortization:			
Balance at January 1, 2020	$ 38,044	163,756	201,800
Amortization	9,921	10,497	20,418
Balance at December 31, 2020	$ 47,965	174,253	222,218
Balance at January 1, 2019	$ 30,653	146,448	177,101
Amortization	7,391	17,308	24,699
Balance at December 31, 2019	$ 38,044	163,756	201,800
Carrying value:			
December 31, 2020	$ 51,248	13,850	65,098
December 31, 2019	$ 35,869	8,950	44,819
January 1, 2019	$ 43,260	22,518	65,778

(i) In 2020 and 2019, the amortization of intangible assets were as follows:

	2020	2019
Operating costs	$ 4,403	5,486
Operating expenses	16,015	19,213
	$ 20,418	24,699

(ii) The Company did not pledge any collateral on intangible assets.

(l) Short-term and long-term borrowings

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

(i) Short-term borrowings

	December 31, 2020			
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.78~1.05	2021	$ 2,697,482	6,235,530

	December 31, 2019			
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities
Unsecured loans	0.78~2.55	2020	$ 3,135,563	6,581,097

(ii) Long-term borrowings

	December 31, 2020			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	NTD	1.09~1.25	2021-2025	$ 3,073,718
Current				$ 2,100,000
Non-current				973,718
Total				$ 3,073,718

	December 31, 2019			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	NTD	1.12~1.45	2020-2023	$ 3,450,000
Current				$ 100,000
Non-current				3,350,000
Total				$ 3,450,000

The Company applied the "Welcoming the Return of Taiwanese Investment Initiative Act" loan of $478,000 thousand from the bank in 2020. As of December 31, 2020 the company has been used $75,727 with an interest rate measured and recognized based on the difference between the actually interest rate of 0.45% and the market interest rate 1.2%, recognized as government subsidy which had been recorded under deferred income.

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

The details of the Company's long-term commercial paper payable were as follows:

	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

(iv) Collateral of loans

The Company did not provide assets as pledge assets for the loans and long-term commercial paper payable.

(m) Current provisions (recorded as other payable)

		Provision for defective products
Balance at January 1, 2020	$	4,851
Increase in provisions		4,191
Reversal of unused provisions		(6,072)
Balance at December 31, 2020	$	2,970
Balance at January 1, 2019	$	4,750
Increase in provisions		6,838
Provisions recognized		(33)
Reversal of unused provisions		(6,704)
Balance at December 31, 2019	$	4,851

The Company may have losses caused by the defeats of new products that are not yet mass-produced and by the return and compensation that occurred after products were delivered to customers. The Company had estimated the provisions based on historical experience and had recognized the amount under operating cost.

(n) Lease liabilities

The Company's lease liabilities were as follow:

		December 31, 2020	December 31, 2019
Current	$	29,417	52,313
Non-current	$	15,034	61,249

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	$	1,166	2,195
Expenses relating to short-term leases	$	748	640
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$	834	1,979

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

		2020	2019
Total cash outflow for leases	$	54,105	64,158

(o) Operating leases

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

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

		December 31, 2020	December 31, 2019
Less than one year	$	66,587	53,603
One to two years		66,167	51,854
Two to three years		59,333	51,253
Three to four years		46,791	46,811
Four to five years		12,138	33,742
More than five years		56,232	-
Total undiscounted lease payments	$	307,248	237,263

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

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to $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 Labors.

2) Movements in present value of defined benefit obligation

The movements in present value of the Company's defined benefit obligation for the years ended December 31, 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 (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 plan assets

The movements in the fair value of the 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

	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 Company's principal actuarial assumptions at the reporting dates:

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

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

As of December 31, 2020 and 2019, the effects of the present value of the defined benefit obligation arising from changes in principle actuarial assumptions were as follows:

	Effects of defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 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)

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

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

(ii) Defined contribution plans

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

The Company's pension costs under the defined contribution plan were $26,818 thousand and $26,262 thousand for the years 2020 and 2019, respectively. Payments were made to the Bureau of Labor Insurance.

(iii) Short-term employee benefit liabilities

		December 31, 2020	December 31, 2019
Compensated absence liabilities	$	28,541	27,730

(q) Income tax

(i) Income tax expenses

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

		2020	2019
Current income tax expense			
Current period	$	50,470	18,735
Adjustment for prior periods		7,106	-
		57,576	18,735
Deferred tax expense			
Origination and reversal of temporary differences		31,752	156,975
Change in unrecognized temporary differences		14,419	1,883
		46,171	158,858
Income tax expenses of continued operations	$	103,747	177,593

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

		2020	2019
Income before tax	$	81,856	917,909
Income tax using the Company's domestic tax rate	$	16,371	183,582
Dividend income		(10,516)	(11,625)
Adjustment for prior periods		7,106	-
Surtax on unappropriated earnings		-	7,105
R&D tax credits utilized		(17,824)	(9,000)
Change in unrecognized temporary differences		14,419	1,883
Income basic tax		-	7,147
Regulations Governing the Utilization, and Taxation of Repatriated Offshore Funds		34,589	-
Others		59,602	(1,499)
Total	$	103,747	177,593

(ii) Recognized deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

		December 31, 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 income tax rate, tax losses can be carried forward for ten years to offset taxable income after permitted by domestic tax authority. Deferred income tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available, against which, the Company can utilize the benefits therefrom.

As of December 31, 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 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	25,400	9,460	23,039	71,630
Recognized in profit or loss	(11,013)	223	(9,460)	15,746	(4,504)
Balance at December 31, 2020	**$ 2,718**	**25,623**	**-**	**38,785**	**67,126**
Balance at January 1, 2019	$ 23,520	18,671	8,626	20,337	71,154
Recognized in profit or loss	(9,789)	6,729	834	2,702	476
Balance at December 31, 2019	**$ 13,731**	**25,400**	**9,460**	**23,039**	**71,630**

Deferred tax liabilities:

	Foreign investment income accounted for under equity method	Capitalization of interest expense	Land value increment tax	Others	Total
Balance at January 1, 2020	$ 586,688	36,246	56,683	18,120	697,737
Recognized in profit or loss	55,408	(813)	-	(12,928)	41,667
Balance at December 31, 2020	**$ 642,096**	**35,433**	**56,683**	**5,192**	**739,404**
Balance at January 1, 2019	$ 427,475	36,980	56,683	17,265	538,403
Recognized in profit or loss	159,213	(734)	-	855	159,334
Balance at December 31, 2019	**$ 586,688**	**36,246**	**56,683**	**18,120**	**697,737**

(iii) Assessed of tax

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

(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, were as follows:

	December 31, 2020	December 31, 2019
Share premium	$ 849	849
Over-aging 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 Issuers, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

1) Legal reserve

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

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, allocate the remaining balance as bonuses, dividends, retained earnings or otherwise. The allocation shall be proposed by the Board of Directors for a resolution at the shareholders' general meeting. However, dividends issued in cash may be approved by the Board of Directors with more than two thirds of the directors' attendance, and be resolved by more than half of the directors, thereafter, to be reported during the shareholders' general meeting.

In accordance with the original Company's articles of incorporation, if the Company incur profit for the year, the profit should first be used to pay taxes, then offset the previous year's deficit; thereafter, 10% of the remainder will be reserved as special surplus, which can be increased or reversed based on the Securities and Exchange Act. Any remaining balances, together with the previous year's undistributed retained earnings, will be deemed as distributable.

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 decided by the Board of Directors; thereafter, to be submitted to the shareholders' meeting for approval.

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 (NT dollars)	Total amount	Amount per share (NT dollars)	Total amount
Dividends distributed to common shareholders:				
Cash	$ 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

	Foreign exchange differences arising from foreign	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2020	$ 23,383	711,094	(80,526)	653,951
Foreign exchange differences arising from foreign operation	(221,508)	-	-	(221,508)
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 at fair value through other comprehensive income	-	(84,323)	-	(84,323)
Share of other comprehensive income of associates and joint ventures accounted for under equity method, losses on effective portion of cash flow hedges	-	-	(593)	(593)
Balance as of December 31, 2020	$ (198,125)	558,902	(81,119)	279,658
Balance as of January 1, 2019	$ 465,589	801,805	(68,134)	1,199,260
Foreign exchange differences arising from foreign operation	(442,206)	-	-	(442,206)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	106,662	-	106,662
Disposal of investments in equity instruments at fair value through other comprehensive income	-	(197,373)	-	(197,373)
Share of other comprehensive income of associates and joint ventures accounted for under equity method, losses on effective portion of cash flow hedges	-	-	(12,392)	(12,392)
Balance as of December 31, 2019	$ 23,383	711,094	(80,526)	653,951

(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 as follows:

(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 (in 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 of 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 (in 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 employees' 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.

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. Except for the above mentioned 2019 remuneration to directors, the board would also consider the Company' s operating performance and regional market standards. The board decided to distribute the difference from the previous provision of $4,907 thousand, to be recognized under the 2020 profit and losses. There were no differences between the amounts distributed by the Board of Directors and the estimated amounts in the Company's non-consolidated financial reports for the years of 2020 and 2019.

(u) Revenue from contracts with customers

	2020		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	$ 6,487,970	418,538	6,906,508
America	798,675	-	798,675
Europe	363,567	-	363,567
Others	275,405	-	275,405
	$ 7,925,617	418,538	8,344,155
Major product lines:			
Synthetic rubber / elastomers	$ 7,156,298	-	7,156,298
Applied materials	-	418,004	418,004
Others	769,319	534	769,853
	$ 7,925,617	418,538	8,344,155

	2019		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	$ 7,564,835	1,311,012	8,875,847
America	1,183,280	-	1,183,280
Europe	311,742	-	311,742
Others	486,076	-	486,076
	$ 9,545,933	1,311,012	10,856,945
Major product lines:			
Synthetic rubber / elastomers	$ 8,567,665	-	8,567,665
Applied materials	-	1,308,569	1,308,569
Others	978,268	2,443	980,711
	$ 9,545,933	1,311,012	10,856,945

(v) Other income and expenses

The components of the Company's other income and expenses for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Rental income	$ 64,663	33,529
Royalty income	125,618	152,824
Net service income	15,765	6,954
Depreciation of investment properties	(14,726)	(14,725)
Net other income (losses)	19,365	(2,871)
Other income and expenses	$ 210,685	175,711

(w) Non-operating income and expenses

(i) Interest income

	2020	2019
Interest income from bank deposits	$ 6,503	8,887

(ii) Other gains

	2020	2019
Dividend income	$ 56,878	63,426

(iii) Other gains and losses

The components of the Company's other gains and losses for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Foreign exchange gain, net	$ 7,986	20,588
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(1,871)	135
Other loss (gain)	(159)	536
Other gains and losses, net	$ 5,956	21,259

(iv) Finance costs

	2020	2019
Interest expense	$ 78,788	101,610

(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 Company's financial assets is equal to their carrying amount. As of December 31, 2020 and 2019, the maximum credit risk exposure amounted to $2,143,945 thousand and $2,611,947 thousand, respectively.

2) Concentration of credit risk

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

(ii) Liquidity risk

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

	Contractual cash flows	Within 6 months
December 31, 2020		
Non-derivative financial liabilities		
Short-term borrowings	$ 2,699,986	2,699,986
Accounts payable	674,118	674,118
Other payable	509,913	509,913
Long-term borrowings (including other long-term borrowings and current portion)	3,471,621	1,065,410
Lease liabilities	44,800	15,062
Deposits received	16,855	-
Derivative financial liabilities		
Other forward contracts:		
Outflow	81	81
	$ 7,417,374	4,964,570
December 31, 2019		
Non-derivative financial liabilities		
Short-term borrowings	$ 3,138,781	3,138,781
Accounts payable	866,363	866,363
Other payable	629,017	629,017
Long-term borrowings (including current portion)	3,895,618	76,667
Lease liabilities	117,821	26,781
Deposits received	13,734	-
Derivative financial liabilities		
Other forward contracts:		
Outflow	228	228
	$ 8,661,562	4,737,837

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

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6-12 months	1-2 years	2-5 years	Over 5 years
-	-	-	-
-	-	-	-
-	-	-	-
1,063,431	412,877	929,903	-
15,062	14,385	291	-
-	1,198	12,536	3,121
-	-	-	-
1,078,493	428,460	942,730	3,121
-	-	-	-
-	-	-	-
-	-	-	-
74,329	2,476,328	1,268,294	-
26,781	33,608	30,651	-
-	1,198	12,536	-
-	-	-	-
101,110	2,511,134	1,311,481	-

(iii) Currency risk

1) Risk exposure

The Company'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	$	34,923	28.5080	995,585
EUR	$	1,730	35.0563	60,647
JPY	$	1,016	0.2765	281
CNY	$	10,992	4.3813	48,159
Financial liabilities:				
Monetary liabilities:				
USD	$	45,110	28.5080	1,285,996
EUR	$	1,455	35.0563	51,007
December 31, 2019				
Financial assets:				
Monetary assets:				
USD	$	29,434	30.1060	886,140
EUR	$	1,605	33.7488	54,167
JPY	$	6,329	0.2771	1,754
CNY	$	12,659	4.3231	54,726
Financial liabilities:				
Monetary liabilities:				
USD	$	33,097	30.1060	996,418
EUR	$	1,797	33.7488	60,647
JPY	$	829	0.2771	230

2) Sensitivity analysis

The Company's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, loans and borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the foreign currency had depreciated / appreciated by 1% and all the factors are remaining unchanged. The Company's net income before tax would have decreased / increased by $2,323 thousand and $605 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

The amount, expressed in functional currency, of foreign exchange gain and loss (including realized and unrealized portion) of the Company's monetary items, and the exchange rate used to translate the original amount to the Company's functional currency, NTD (also the expressed currency), were as follows:

	2020			2019	
	Foreign exchange gain (loss)		Average exchange rate	Foreign exchange gain (loss)	Average exchange rate
NTD	$	7,986	-	20,588	-

(iv) Interest rate risk analysis

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

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

If the interest rate had decreased / increased by 1%, the Company's net income before tax would have decreased / increased by $61,205 thousand and $69,349 thousand for the years ended December 31, 2020 and 2019, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at floating rates.

(v) Fair value

1) Categories and fair value of financial instruments

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

	December 31, 2020				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets for hedging	$ 3,460	-	3,460	-	3,460
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	838,235	-	-	838,235	838,235
Total	$ 841,695	-	3,460	838,235	841,695
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for hedging	$ 81	-	81	-	81

	December 31, 2019				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets for hedging	$ 14	-	14	-	14
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	115,200	115,200	-	-	115,200
Unlisted stocks (domestic and overseas)	817,237	-	-	817,237	817,237
Subtotal	932,437	115,200	-	817,237	932,437
Total	$ 932,451	115,200	14	817,237	932,451
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities for hedging	$ 228	-	228	-	228

2) Valuation techniques and assumptions used in fair value determination

If the financial instruments held by the Company have the quoted market price in active market, the fair value of the assets is based on the quoted market price. However, if the instruments have no quoted market price in active market, the Company uses market comparison approach to evaluate the fair value. The main assumption is based on the investee' s earnings after tax and the listed (over the counter) company' s earnings used in computing the market price. The estimated price has been discounted due to the price of the securities lacks the liquidity. Forward Exchange Contracts are normally priced based on the exchange rates provided by the World Agencies.

3) Reconciliation of Level 3 fair values

		Unquoted equity instruments
Balance at January 1, 2020	$	817,237
Total gains recognized:		
In other comprehensive income (loss)		20,998
Balance at December 31, 2020	$	838,235
Balance at January 1, 2019	$	790,064
Total losses recognized:		
In other comprehensive income (loss)		27,173
Balance at December 31, 2019	$	817,237

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 2019 were 15.62~17.8 and 15.79~17.41, respectively · Multipliers of equity ratios as of December 31, 2020 and 2019 were 1.38 and 1.17, respectively · Market liquidity discount rate as of December 31, 2020 and 2019 was both 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:

			Other comprehensive income	
	Input	Assumptions	Favorable	Unfavorable
December 31, 2020				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	$ 10,482	(10,482)
December 31, 2019				
Available-for-sale financial assets				
Equity investments without an active market	Liquidity discount at 20%	1%	10,243	(10,243)

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.

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(z) Financial risk management

(i) Overview

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

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

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

(ii) Risk management framework

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

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

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

(iii) Credit risk

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

1) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. In 2020 and 2019, there was no geographical concentration of credit risk regarding the Company's revenue.

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

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

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

2) Investments

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

3) Guarantees

The Company's policy allows it to provide financial guarantees to business partners or to related parties and jointly controlled entities according to its percentage ownership in these entities. Financial guarantees provided to subsidiaries, associates, and jointly controlled entities by the Company as of December 31, 2020 and 2019, are disclosed in note 7 "Related-party Transactions."

(iv) Liquidity risk

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

The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(v) Market risk

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

1) Currency risk

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

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

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

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

The Company does not hedge against investments in subsidiaries.

2) Interest rate risk

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

3) Other market price risk

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

(aa) Capital management

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

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

	December 31, 2020	December 31, 2019
Total liabilities	$ 8,236,203	9,415,954
Total equity	14,139,120	14,875,692
Total assets	$ 22,375,323	24,291,646
Debts ratio	39%	39%

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

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

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

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

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

			Non-cash changes			
	January 1, 2020	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	Others	December 31, 2020
Long-term borrowings (including current portion)	$ 3,450,000	(376,282)	-	-	-	3,073,718
Other long-term borrowings	349,287	-	-	54	-	349,341
Short-term borrowings	3,135,563	(379,814)	(58,267)	-	-	2,697,482
Lease liabilities	113,562	(51,357)	-	1,166	(18,920)	44,451
Total liabilities from financing activities	$ 7,048,412	(807,453)	(58,267)	1,220	(18,920)	6,164,992

			Non-cash changes			
	January 1, 2019	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	Others	December 31, 2019
Long-term borrowings (including current portion)	$ 3,800,000	(350,000)	-	-	-	3,450,000
Other long-term borrowings	499,693	(155,663)	-	5,257	-	349,287
Short-term borrowings	2,354,568	792,588	(11,593)	-	-	3,135,563
Lease liabilities	170,046	(59,344)	-	2,195	665	113,562
Total liabilities from financing activities	$ 6,824,307	227,581	(11,593)	7,452	665	7,048,412

<7> Related-party transactions

(a) Parent company and ultimate controlling party

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

(b) Names and relationship with related parties

In this financial report, the related parties having transactions with the Company and subsidiaries were listed as below:

Name of related party	Relationship with the Company
Trimurti Holding Corporation	The subsidiary of the Company
Hardison International Corporation	〃
Dymas Corporation	〃
TSRC (Hong Kong) Limited	〃
TSRC (Shanghai) Industries Ltd.	〃
TSRC (Lux.) Corporation S.'a r.l.	〃
TSRC (USA) Investment Corporation	〃
TSRC Specialty Materials LLC (Formerly known as Dexco Polymers L.P.)	〃

Name of related party	Relationship with the Company
Polybus Corporation Pte Ltd.	The subsidiary of the Company
Shen Hua Chemical Industries Co., Ltd.	〃
TSRC-UBE (Nantong) Industries Co., Ltd.	〃
TSRC (Nantong) Industries Ltd.	〃
Triton International Holdings Corporation	〃
TSRC (Vietnam) Co., Ltd.	〃
Metropolis Property Management Corporation	Other related parties of the Company
Continental Engineering Corporation	〃
WFV Corporation	〃
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	The subsidiary recognized associates under equity method
Asia Pacific Energy Development Co., Ltd.	〃
Indian Synthetic Rubber Private Limited	The subsidiary recognized joint venture under equity method
Nantong Qix Storage Co., Ltd.	〃

(c) Significant transactions with related parties

(i) Revenue

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

	2020	2019
Subsidiaries	$ 553,313	560,430

There were no significant differences between the pricing of sales transactions with related parties and that with other customers. The payment terms ranged from two to three months, which were similar to those given to other customers.

(ii) Purchases

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

	2020	2019
Subsidiaries	$ 16,452	29,233

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

(iii) Service income and expenses

1) The Company provided warehouse, management, technologies and IT services to its subsidiaries, associates, and joint ventures. The amounts recognized as other income and expenses were as follows:

	2020	2019
Subsidiaries		
TSRC (Nantong) Industries Ltd.	$ 55,791	62,975
Other subsidiaries	32,707	46,403
Associates		
Other associates	11,241	12,678
Joint ventures		
Indian Synthetic Rubber Private Limited	42,370	53,466
	$ 142,109	175,522

2) The Company received consulting services such as marketing, research environmental, security and agency services from its subsidiaries and other related parties. For the years ended December 31, 2020 and 2019, the services amounted to $69,775 thousand and $71,280 thousand, respectively, and were recorded under operating costs and operating expenses.

(iv) Leases - Rent income

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

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

(v) Receivables from related parties

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

Account	Type of related parties	December 31, 2020	December 31, 2019
	Subsidiaries		
Accounts receivable - related parties	TSRC (Nantong) Industries Ltd.	$ 21,909	17,362
Accounts receivable - related parties	TSRC (Lux.) Corporation S.'a.r.l.	32,789	34,574
Accounts receivable - related parties	TSRC Specialty Materials LLC	28,862	55,015
Accounts receivable - related parties	Other subsidiaries	3,713	7,520
		87,273	114,471
	Subsidiaries		
Other receivables	TSRC (Nantong) Industries Ltd.	63,830	107,146
Other receivables	Other subsidiaries	13,996	22,207
	Associates		
Other receivables	Other associates	9,479	10,693
	Joint ventures		
Other receivables	Indian Synthetic Rubber Private Limited	17,184	17,541
		104,489	157,587
		$ 191,762	272,058

(vi) Payables to related parties

As the result of the aforementioned transactions, the details of the Company's payables to related parties were as follows:

Account	Type of related parties	December 31, 2020	December 31, 2019
Accounts payables	Subsidiaries	$ 3,827	2,868
	Subsidiaries		
Other payables	TSRC (Lux.) Corporation S.'a r.l.	52,630	62,354
Other payables	Other subsidiaries	21,027	29,757
Other payables	Other related parties	416	55
		74,073	92,166
		$ 77,900	95,034

(vii) Guarantees

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

		December 31, 2020	December 31, 2019
Subsidiaries			
TSRC (Vietnam) Co., Ltd.	$	504,592	439,548
TSRC (USA) Investment Corporation		427,620	451,590
TSRC Specialty Materials LLC		285,080	301,060
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
	$	3,744,024	3,737,296

Accordingly, the amounts of the Company recognized provision liabilities and the investment 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	$	86,175	89,439
Post-employment benefits		565	596
	$	86,740	90,035

<8> Pledged assets: None.

<9> Commitments and contingencies

(a) The unused letters of credit outstanding

		December 31, 2020	December 31, 2019
The Company's unused letters of credit outstanding	$	893,828	842,720

(b) Total amounts and the cumulative payments of Company'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	$	408,750	48,700
Cumulative payments	$	179,653	37,340

<10> Losses Due to Major Disasters: None.

<11> Subsequent Events

On March, 11 2021, the Company 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	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	325,722	355,675	681,397	336,171	334,495	670,666
Labor and health insurance	33,666	27,359	61,025	34,490	25,852	60,342
Pension (note 1)	17,037	14,863	31,900	17,874	14,059	31,933
Directors' remuneration	-	6,276	6,276	-	22,879	22,879
Others (note 2)	38,367	44,630	82,997	44,629	53,359	97,988
Depreciation (note 3)	237,649	69,594	307,243	227,386	64,940	292,326
Amortization (note 4)	4,403	16,015	20,418	5,486	19,213	24,699

Note1 : Pension expenses excluded expenses for employees on international assignments amounting to $1,649 thousand and $1,882 thousand for the years ended December 31, 2020 and 2019, respectively.
Note2 : Other employee benefit includes meal expenses, employee welfare, training fees and employee compensation.
Note3 : 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, respectively.

The Company's number of employees for the years ended December 31, 2020 and 2019 and additional information on employee benefits are as follows :

	2020	2019
Number of employees	690	700
Number of directors who were not employees	6	8
The average employee benefit	$ 1,253	1,244
The average salaries and wages	$ 996	969
The average of employee salary cost adjustment as follows	2.79%	
Supervisor remuneration	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

(a) Directors' remuneration: The remuneration of the directors of the Company is in accordance with the Articles of Incorporation. The remuneration of directors is determined by the Board of Directors based on the directors' participation and contribution to the Company's operations, and also with reference to the level of the industry; directors' remuneration is allocated 1% based on the Company's profitability. The following is approved by the board of directors.

(b) Managers and employees' remuneration: Base on the market competitive salary levels as well as the reference to the same industry and the overall operating performance, individual performance, and comprehensive contribution considerations, etc., to set the payment principal, then the Company would base on the sales representative responsibility regulations to review and approved.

<13> Other disclosures

(a) Information on significant transactions:

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

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance
1	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	Loan	Yes	265,847	87,626

Note 1: The loan limit extended per party of TSRC (Shanghai) Industries Ltd. should not be over 10% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the loan limit extended per party should not be over 50% of the total equity of the most recent financial statements audited or reviewed by a CPA.

Note 2: The maximum loan extended to all parties of TSRC (Shanghai) Industries Ltd. should not be over 40% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the total loan limit should not be over 100% of total equity of the most recent financial statements audited or reviewed by a CPA .

Note 3: TSRC (Shanghai) Industries Ltd., and TSRC (Nantong) Industries Ltd. are 100% owned by TSRC.

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

Note 5: Nature of financing activities is as follows:

(1) if there are transactions between these two parties, the number is "1".

(2) if it is necessary to loan to other parties, the number is "2".

(ii) Guarantees and endorsements for other parties:

No.	Name of Company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements
		Name	Relationship with the Company			
0	TSRC	TSRC (USA) Investment Corporation	4	(Note 2)	907,620	427,620
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	1,577,416	1,577,416
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	2,428,087	949,316
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	531,566	504,592
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	303,300	285,080

Note 1: The guarantee's relationship with the guarantor is as follows:

(1) A company with which it does business.

(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The guaranteed amount is limited to sixty percent of issued capital, amounting to $8,483,472 thousand.

Unit: thousand NTD

Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers (Note 5)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing Company	Maximum financing limit for the lender
						Item	Value		
-		2	-	Operating capital	-		-	295,155 (Note 1)	590,310 (Note 2)

Unit: thousand NTD

Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement /guarantees to third parties on behalf of parent company	Endorsements/guarantees to third parties on behalf of Company in Mainland China
353,499	-	3.02%	(Note 3)	Y		
229,043	-	11.16%	(Note 3)			Y
949,316	-	6.71%	(Note 3)			
430,471	-	3.57%	(Note 3)	Y		
178,458	-	2.02%	(Note 3)	Y		

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.

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

Name of holder	Nature and name of security	Relationship with the security issuer	Account name
TSRC	Evergreen Steel Corporation	-	Available-for-sale financial assets - non-current
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Available-for-sale financial assets - non-current
TSRC	Hsin-Yung Enterprise Corporation	-	Available-for-sale financial assets - non-current
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Available-for-sale financial assets - non-current

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

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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of Company	Counter-party	Relationship
TSRC (Lux.) Corporation S.à r.l.	TSRC	Parent and subsidary companies
TSRC	TSRC (Lux.) Corporation S.à r.l..	Parent and subsidary companies
TSRC Specialty Materials LLC	TSRC	Parent and subsidary companies
TSRC	TSRC Specialty Materials LLC	Parent and subsidary companies
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	Related parties
TSRC (Lux.) Corporation S.à r.l.	TSRC Specialty Materials LLC	Related parties
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.à r.l..	Related parties
TSRC (Lux.) Corporation S.à r.l.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.à r.l.	Related parties

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

Unit: thousand NTD

Ending balance				Remarks
Number of shares	Book value	Holding percentage	Market value	
12,148,000	413,517	3.04%	413,517	
599,999	81,960	5.42%	81,960	
5,657,000	342,758	3.90%	342,758	
837,552	114,410	7.57%	114,410	
	952,645		952,645	

Unit: thousand NTD

Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Purchase	230,533	11.85%	70 days	-		(32,789)	(19.05)%	
Sale	(230,533)	(2.76)%	70 days	-		32,789	3.16%	
Purchase	176,654	9.02%	70 days	-		(28,863)	(12.55)%	
Sale	(176,654)	(2.12)%	70 days	-		28,863	2.78%	
Purchase	179,904	64.66%	40 days	-		(15,108)	(80.58)%	
Sale	(179,904)	(4.72)%	40 days	-		15,108	3.36%	
Purchase	638,188	32.81%	90 days	-		(48,424)	(28.14)%	
Sale	(638,188)	(18.35)%	90 days	-		48,424	12.90%	
Purchase	1,066,767	54.84%	70 days	-		(93,282)	(54.53)%	
Sale	(1,066,767)	(28.00)%	70 days	-		93,282	20.85%	

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

(b) Information on investees:

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

Name of investor	Name of investee	Address	Scope of business
TSRC	Trimurti Holding Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	Hardison International Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	Dymas Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	TSRC (Vietnam) Co., Ltd.	8 VSIP IIA Street 31, Vietnam Singapore Industrial Park IIA, Tan Uyen Town, Binh Duong Province, Vietnam	Production and processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products.
Trimurti Holding Corporation	Polybus Corporation Pte Ltd.	100 Peck Seah Street #0916 Singapore 079333	International commerce and investment corporation
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F BOC Group Life Assurance Tower 136 Des Voeux Road Central	Investment corporation
Trimurti Holding Corporation	Indian Synthetic Rubber Private Limited	Room No.702, Indian Oil Bhawan, 1 Sri Aurobindo Marg, Yusuf Sarai, New Delhi 110016, India	Produchion and sale of ESBR
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.à r.l.	39-43 avenue de la Liberte L1931 Luxembourg	International commerce and investment corporation
TSRC (Lux.) Corporation S.à r.l.	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, Country of New Castle, Wilmington, Delaware. ,19808.	Investment corporation
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	12012 Wickchester Lane, Suite 280, Houston, TX77079	Produchion and sale of TPE
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to 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.

(c) Information on investment in Mainland China:

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2019
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,175,100 (USD41,220)	(2)a.	-
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)
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	156,794 (USD5,500)	(2)b.	111,751 (USD3,920)
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	85,524 (USD3,000)	(2)d.	42,762 (USD1,500)
TSRC-UBE (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	1,140,320 (USD40,000)	(2)a.	28,508 (USD1,000)
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	2,996,904 (USD105,125)	(2)a.	189,521 (USD6,648)
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,277,158 (USD44,800)	(2)a.	-

Unit: thousand NTD/thousand USD/thousand EUR

Original cost		Ending balance			Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Book value			
1,005,495	1,005,495	86,920,000	100.00%	12,779,698	395,611	395,611	Subsidiary
109,442	109,442	3,896,305	100.00%	553,628	60,952	60,952	Subsidiary
38,376	38,376	1,161,004	19.48%	114,017	86,046	16,761	Subsidiary (note 2)
278,280	278,280	-	100.00%	197,619	(35,049)	(35,049)	Subsidiary
1,855,899 (USD65,101)	1,855,899 (USD65,101)	105,830,000	100.00%	8,132,280	794,946	794,946	sub-subsidiary
2,960,556 (USD103,850)	2,219,348 (USD77,850)	103,850,000	100.00%	3,405,313	(375,292)	(375,292)	sub-subsidiary
840,216 (USD29,473)	840,216 (USD29,473)	222,861,375	50.00%	512,624	280,563	140,281	-
2,624,665 (EUR74,870)	1,780,860 (EUR50,800)	74,869,617	100.00%	2,715,817	(459,113)	(459,113)	sub-subsidiary
2,738,193 (USD96,050)	1,996,985 (USD70,050)	130	100.00%	2,678,391	(436,828)	(436,828)	sub-subsidiary
6,232,333 (USD218,617)	5,491,125 (USD192,617)	-	100.00%	2,106,217	(77,948)	(77,948)	sub-subsidiary
1,425 (USD50)	1,425 (USD50)	50,000	100.00%	59,006	(8,247)	(8,247)	sub-subsidiary
136,810 (USD4,799)	136,810 (USD4,799)	4,798,566	80.52%	492,601	86,045	69,284	sub-subsidiary
321,713 (USD11,285)	321,713 (USD11,285)	7,522,337	37.78%	409,244	208,822	78,893	-

Unit: thousand NTD/thousand USD

Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2020	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
Remittance amount	Repatriation amount						
-	-	-	497,954	65.44%	325,861 (Note 2)	1,896,262	4,786,340
-	-	109,243 (USD3,832)	324,574	28.34%	91,984 (Note 3)	382,844	358,308
-	-	111,751 (USD3,920)	90,662	100.00%	90,662 (Note 2)	590,310	-
-	-	42,762 (USD1,500)	(16,260)	50.00%	(8,130) (Note 2)	58,632	74,060
-	-	28,508 (USD1,000)	144,576	55.00%	79,517 (Note 2)	887,941	-
-	-	189,521 (USD6,648)	316,229	100.00%	316,229 (Note 2)	4,717,180	440,864
-	-	-	180,927	50.00%	90,464 (Note 3)	323,287	-

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 (Hong Kong) Limited then investing in Mainland China.
c. Through the establishment of Asia Pacific Energy Development Co., Ltd. then investing in Mainland China.
d. Through the establishment of Triton International Holdings Corporation then investing in Mainland China.
(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).

(ii) Limitation on investment in Mainland China:

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
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:

1) Sales and accounts receivable

Sales to related parties in Mainland China are summarized as follows:

	2020
TSRC (Shanghai) Industries Ltd.	$ 7,751
TSRC (Nantong) Industries Ltd.	80,721
Shen Hua Chemical Industries Co., Ltd.	8,666
	$ 97,138

The related accounts receivable resulting from the above transactions as of December 31, 2020 as follows:

	December 31, 2020
TSRC (Shanghai) Industries Ltd.	$ 1,993
TSRC (Nantong) Industries Ltd.	21,909
	$ 23,902

There were no significant differences between the pricing of sales transactions with related parties and that with other customers. The payment terms ranged from two to three months, which were similar to those given to other customers.

2) Purchases and accounts payable

Purchase from related parties in Mainland China are summarized as follows:

	2020
TSRC (Nantong) Industries Ltd.	$ 16,452

The related accounts payable resulting from the above transactions as of December 31, 2020 as follows:

	December 31, 2020
TSRC (Nantong) Industries Ltd.	$ 3,827

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

3) Service income

Nature	Name	Service income in 2020	Accounts receivable as of December 31, 2020
Management and technology services	Shen Hua Chemical Industries Co., Ltd.	$ 3,875	689
Management and technology services & technology licensing	TSRC (Nantong) Industries Ltd.	55,791	63,830
Management and technology services	TSRC-UBE (Nantong) Industries Ltd.	862	-
Management and technology services	TSRC (Shanghai) Industries Ltd.	7,921	1,922
Technology licensing	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	11,241	9,479
		$ 79,690	75,920

4) Guarantees

As of December 31, 2020, guarantees provided by the Company for the bank loans of investees in Mainland China was as follows:

	2020
ARLANXEO-TSRC (Nantong) Chemical Industrial Co., Ltd.	$ 1,577,416

(d) Major shareholders:

Shareholder's Name \ Shareholding	Shares	Percentage
Panama Banco industrial company	69,524,417	8.41%
Han-De Construction Co., Ltd.	63,093,108	7.64%
Wei-Dar Development Co., Ltd.	53,708,923	6.50%

<14> Segment information

Please refer to the year 2020 consolidated financial statements.