

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

2022

Annual Shareholders' Meeting Handbook

• China

• Vietnam

• United States

Stock Code : 2103

Date: June 17, 2022

Method: Physical shareholders' meeting

Venue: Taipei New Horizon

14F., No.88, Yanchang Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)



| |
|---|
| Home page |
| Table of Contents |
| I. Meeting Procedure |
| 1. Call the Meeting to Order |
| 2. Addresses by Chairman |
| 3. Matter to be Reported |
| (1) To Report 2021 Employee's Compensation and Director's Compensation |
| (2) To Report the Distribution of 2021 Cash Dividend |
| 4. Matter to be Ratified |
| (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates) |
| (2) To Ratify 2021 Earnings Distribution |
| 5. Matter to be Discussed |
| (1) Amendments to the Company's "Articles of Incorporation" |
| (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets" |
| 6. Other Business and Motions |
| 7. Adjournment |
| II. Attachment |
| 1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021 |
| 2. Comparison Table for Amendment of "Article of Incorporation" |
| 3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets" |
| III. Appendix |
| 1. Rules and Procedures of Shareholders' Meeting |
| 2. Articles of Incorporation |
| 3. Disclosure of Directors' Shareholdings |

Agenda for 2022 Annual Meeting of Shareholders

(Translation based on Chinese document)

| | |
|---|------|
| I. Meeting Procedure | page |
| 1. Call the Meeting to Order | |
| 2. Addresses by Chairman | |
| 3. Matter to be Reported | |
| (1) To Report 2021 Employee's Compensation and Director's Compensation | 2 |
| (2) To Report the Distribution of 2021 Cash Dividend | 3 |
| 4. Matter to be Ratified | |
| (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates) | 4 |
| (2) To Ratify 2021 Earnings Distribution | 5 |
| 5. Matter to be Discussed | |
| (1) Amendments to the Company's "Articles of Incorporation" | 6 |
| (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets" | 7 |
| 6. Other Business and Motions | 7 |
| 7. Adjournment | 7 |
| II. Attachment | |
| 1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021 | 8 |
| 2. Comparison Table for Amendment of "Article of Incorporation" | 36 |
| 3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets" | 39 |
| III. Appendix | |
| 1. Rules and Procedures of Shareholders' Meeting | 45 |
| 2. Articles of Incorporation | 48 |
| 3. Disclosure of Directors' Shareholdings | 54 |



Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Matter to be Reported

(1) To Report 2021 Employee's Compensation and Director's Compensation (Proposed by the Board of Directors)

The 2021 employee's compensation of NT\$ 171,609,000 and 2021 Director's Compensation of NT\$ 22,677,000, distributed in cash, were resolved by the 5th and 6th Meeting of the 17th Term of Board of Directors in accordance with the Company Act and Article 28-1 of Article of Incorporation.

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Matter to be Reported

(2) To Report the Distribution of 2021 Cash Dividend(Proposed by the Board of Directors)

1. According to Article 29 of the Articles of Incorporation of the Company, the Board of Directors is authorized to distribute dividends in cash and the distribution shall be reported to the shareholders' meeting.
2. The Company will distribute cash dividends of NT\$1,981,703,947 from 2021 earnings available for distribution at NT\$2.40 per share.
3. The distribution is calculated to the dollar, and the remaining amount less than NT\$ 1 will be listed as other income of the company.
4. The Board of Directors has approved the distribution and authorized the Chairman to determine the ex-dividend date, dividend payment date and all relevant matters including the allocation of dividends based on the actual situation.

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Matter to be Ratified

Ratification Proposal I(Proposed by the Board of Directors)

Proposal : To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)

Explanations: 1. 2021 business report is shown in attachment 1 (please refer to page 9-10) with the Parent Company Only Financial Statements and Consolidated Financial Report (also in attachment 1, please refer to page 11-33). The above reports were resolved by 6th Meeting of the 17th Term of Board of Directors.

2. In comply with the provisions of IAS, the Company changes the estimates of service life and residual value of the non-removable assets of Shen Hua in the consolidated financial statements. This change resulted to approximately RMB 75,974 thousand increase in the residual value of the assets in 2021 balance sheet. The changes in accounting estimates for the increase of the residual value and the decrease of the useful lives of the non-removable assets have no impact on the Company's depreciation expenses from 2021 to 2024.

3. Where the financial report was audited by certified accountant. The above business report and financial report were approved by the Audit Committee and audit report was provided(also in attachment 1, please refer to page 35). Hence, we proposed to Annual Meeting of Shareholders for ratification.

Resolution:

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Matter to be Ratified

Ratification Proposal II(Proposed by the Board of Directors)

Proposal : To Ratify 2021 Earnings Distribution

- Explanations:
1. The proposed 2021 earnings distribution was approved by the Audit Committee and the Board of Directors of the Company.
 2. The proposed 2021 earnings distribution table is as below.

| | |
|--|-----------------|
| At the beginning of 2021 Unappropriated Retained Earnings | 1,181,895,806 |
| add: Net Income of 2021 | 3,930,939,101 |
| subtract: Remeasurement of Defined Benefit Plan | (31,892,788) |
| Net income of this period subtracted with items excluded by net income of this period being counted as 2021 undistributed Net Earnings | 3,899,046,313 |
| subtract: Legal Reserve(10%) | (389,904,631) |
| At the end of 2021 for Distributable Net Earnings | 4,691,037,488 |
| Distributable items: | |
| Cash Dividend (NT\$ 2.40 per share) | (1,981,703,947) |
| At the end of Unappropriated Retained Earnings | 2,709,333,541 |

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Resolution:

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Matter to be Discussed Discussion Proposal I (proposed by Board of Directors)

Proposal : Amendments to the Company's "Articles of Incorporation"

- Explanations:
1. Considering the practical operation needs of the Company, to improve the flexibility of the shareholders' meeting by way of video conference, the Company proposes to amend Article 18, Article 25, and Article 35, delete Article 27, and add Article 12-1 of the Articles of Incorporation.
 2. The comparison table of proposed amendments is shown in Attachment 2 (please refer to pages 36 – 38)

Resolution:

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Matter to be Discussed Discussion Proposal II (proposed by Board of Directors)

Proposal: Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

Explanations: 1. The Company's "Procedures for Acquisition and Disposal of Assets" is proposed to be amended in response to the amended "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" by competent agencies and to fit the practical operational needs of the Company.
2. The comparison table for the amendment of "Procedures for Acquisition and Disposal of Assets" is shown in Attachment 3 (please refer to pages 39-44).

Resolution:

Other Business and Motions

Adjournment

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

(1) To Report 2021 Employee's Compensation and Director's Compensation

(2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

(1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)

(2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

(1) Amendments to the Company's "Articles of Incorporation"

(2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Attachment 1

Business Report, Financial Statement and Audit Committee's Audit Report for 2021

| | |
|--|----|
| (1) Business Report..... | 9 |
| (2) Consolidated Financial Statements With Independent Auditors' Report..... | 11 |
| (3) Consolidated Balance Sheets..... | 15 |
| (4) Consolidated Statements of Comprehensive Income | 17 |
| (5) Consolidated Statements of Changes in Equity..... | 18 |
| (6) Consolidated Statements of Cash Flows..... | 20 |
| (7) Parent Company Only Financial Statements With Independent Auditors' Report | 22 |
| (8) Parent Company Only Balance sheet | 27 |
| (9) Parent Company Only Statements of Comprehensive Income..... | 29 |
| (10) Parent Company Only Statements of Changes in Equity..... | 30 |
| (11) Parent Company Only Statements of Cash Flows..... | 32 |
| (12) Changes in Accounting Estimates..... | 34 |
| (13) Audit Report of Audit Committee..... | 35 |

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

2021 Business Report

TSRC delivered outstanding performance in 2021 and continued to ensure the health and safety of our employees as our outmost priority during the pandemic. Despite the challenges imposed by port congestions, supply chain disruptions, coronavirus transmission, and Dual Control Policy in mainland China, TSRC achieved record revenue & profit in the past decade by leveraging favorable market dynamics, such as downstream demand recovery, widening price spread between natural rubber and butadiene and strained synthetic rubber supply, and responding to the rapid market changes with operation resilience and close customer collaboration. In terms of equity investments, Indian Synthetic Rubber Private Limited and ARLANXEO-TSRC (Nantong) Chemical Industrial Co., Ltd. also delivered strong profit growth, reflecting the market recovery in India and China.

In 2021, the sales volume was 545 thousand metric tons, an increase of 3% versus 2020. Consolidated revenue was NTD 32,533 million, an increase of 35% compared to NTD 24,024 million in 2020. Gross profit grew 132% to NTD 6,800 million and gross margin was 21%. Operating profit was NTD 3,928 million, an increase of 378% from 2020, and operating profit margin was 12%. As a result, 2021 net income was NTD 3,931 million, inclusive of a one-time land disposal gain of NTD 910 million, and with an EPS (earnings per share) of NTD 4.76.

Staying on course to become a global specialty chemical enterprise, TSRC continues to advance its strategic growth projects, such as increasing the commercial sales volume of solution styrene-butadiene rubber (SSBR) products to global tire brands for advanced green tires and gaining customer qualification for specialty hydrogenated styrenic block copolymer (HSBC) for medical application. In the area of R&D innovation, TSRC had 16 patents granted in 2021. TSRC established its second global R&D center in Texas USA, also its first R&D center outside Taiwan, to accelerate application development and product commercialization of specialty chemical polymers via an expanded international footprint.

Moving into 2022, the International Monetary Fund (IMF) downgraded the global economic growth forecast to 4.4% from 5.9% in 2021 and projected a moderate market growth. The economic outlook is expected to be impacted by challenges from inflation, supply disruptions, trade and geopolitical conflicts, and new coronavirus variants. TSRC plans to continue driving business growth momentum with effective sales and operation planning (S&OP) and business execution. In addition, significant resources and execution focus will be dedicated to key investment projects, such as the Shenhua relocation project, to strengthen our competitive advantages and leading market position. In advancing

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

the Environmental, Social and Governance (ESG) initiative, TSRC will establish corporate targets in key areas including carbon emission reduction, renewable energy adoption, and water resource recycling, as well as detailed action plans to fulfill TSRC's mission in sustainability and steadfast commitment to transformation.

Chairman: Nita Ing

Manager: Joseph Chai

Chief Accountant: Hsing-Jung Lin

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

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, 2021 and 2020, 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, 2021 and 2020, 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 audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

Testing the effectiveness of design and implementing the internal control (both manual and system control) of sales and collecting cycle; reviewing the revenue recognition of significant sales contracts to determine whether the accounting treatment, key judgment, estimation, and reasonable; analyz-

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

ing 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 it is reasonable and is being implemented. The procedures include reviewing the inventory aging documents and analyzing its changes; obtaining the documents of inventory measurement and evaluating whether if the bases used for net realizable value is reasonable; selecting samples and verifying them with the vouchers to test the accuracy of the amount; and reviewing whether the disclosure of inventory measurement made by the management is appropriate.

Other Matter

TSRC Corporation has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, 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, IFRIC, SIC endorsed and issued 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.

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

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.

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

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 10, 2022

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| Assets | December 31, 2021 | | December 31, 2020 | |
|---|----------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 4,464,755 | 14 | 3,278,463 | 12 |
| Current financial assets at fair value through profit or loss | 7,702 | - | 3,460 | - |
| Notes receivable, net | 951,817 | 3 | 571,220 | 2 |
| Accounts receivable, net | 3,716,841 | 11 | 2,802,351 | 10 |
| Other receivables | 93,834 | - | 146,171 | - |
| Current income tax assets | - | - | 12,151 | - |
| Inventories | 5,629,817 | 17 | 4,772,464 | 16 |
| Other current assets | <u>598,331</u> | <u>2</u> | <u>851,356</u> | <u>3</u> |
| Total current assets | <u>15,463,097</u> | <u>47</u> | <u>12,437,636</u> | <u>43</u> |
| Non-current assets: | | | | |
| Financial assets at fair value through other comprehensive income - non-current | 1,460,586 | 4 | 952,645 | 4 |
| Investments accounted for under equity method | 2,030,573 | 6 | 1,303,787 | 4 |
| Property, plant and equipment | 10,154,640 | 31 | 10,516,517 | 36 |
| Right-of-use assets | 867,485 | 3 | 1,022,972 | 3 |
| Investment property | 1,552,148 | 5 | 1,566,873 | 5 |
| Intangible assets | 892,679 | 3 | 1,012,405 | 3 |
| Deferred income tax assets | 253,434 | 1 | 288,429 | 1 |
| Other non-current assets | <u>155,121</u> | <u>-</u> | <u>167,118</u> | <u>1</u> |
| Total non-current assets | <u>17,366,666</u> | <u>53</u> | <u>16,830,746</u> | <u>57</u> |
| Total assets | <u>\$ 32,829,763</u> | <u>100</u> | <u>29,268,382</u> | <u>100</u> |

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

[Home page](#)[Table of Contents](#)**I. Meeting Procedure****1. Call the Meeting to Order****2. Addresses by Chairman****3. Matter to be Reported**

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions**7. Adjournment****II. Attachment****1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021****2. Comparison Table for Amendment of "Article of Incorporation"****3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"****III. Appendix****1. Rules and Procedures of Shareholders' Meeting****2. Articles of Incorporation****3. Disclosure of Directors' Shareholdings**

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| Liabilities and Equity | December 31, 2021 | | December 31, 2020 | |
|--|----------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| Current liabilities: | | | | |
| Short-term borrowings | \$ 4,006,365 | 12 | 3,789,276 | 13 |
| Current portion of long-term borrowings | 817,713 | 3 | 2,784,129 | 10 |
| Current financial liabilities at fair value through profit or loss | 356 | - | 32,628 | - |
| Accounts payable | 1,536,976 | 5 | 1,643,264 | 6 |
| Accounts payable - related parties | 1,316 | - | - | - |
| Current income tax liabilities | 288,186 | 1 | 172,787 | 1 |
| Other payables | 1,560,933 | 5 | 1,204,135 | 4 |
| Current lease liabilities | 128,928 | - | 139,263 | - |
| Other current liabilities | 208,011 | 1 | 128,285 | - |
| Total current liabilities | 8,548,784 | 27 | 9,893,767 | 34 |
| Non-Current liabilities: | | | | |
| Long-term bank borrowings | 1,936,219 | 6 | 1,679,735 | 5 |
| Other long-term borrowings | 349,922 | 1 | 349,341 | 1 |
| Non-current provision liabilities | 269,536 | 1 | 31,819 | - |
| Deferred income tax liabilities | 1,089,204 | 3 | 807,700 | 3 |
| Non-current lease liabilities | 357,355 | 1 | 492,827 | 2 |
| Other non-current liabilities | 154,925 | - | 154,534 | 1 |
| Total non-current liabilities | 4,157,161 | 12 | 3,515,956 | 12 |
| Total liabilities | 12,705,945 | 39 | 13,409,723 | 46 |
| Equity attributable to shareholders of the Company : | | | | |
| Common stock | 8,257,099 | 25 | 8,257,099 | 28 |
| Capital surplus | 50,725 | - | 49,531 | - |
| Retained earnings: | | | | |
| Legal reserve | 4,073,680 | 12 | 4,068,862 | 14 |
| Unappropriated earnings | 5,080,942 | 16 | 1,483,970 | 5 |
| | 9,154,622 | 28 | 5,552,832 | 19 |
| Other equity: | | | | |
| Financial statement translation differences for foreign operations | (456,708) | (1) | (198,125) | (1) |
| Unrealized gains or losses on financial assets measured at fair value through other comprehensive income | 1,047,059 | 3 | 558,902 | 2 |
| Gains or losses on hedging instrument | (26,847) | - | (81,119) | - |
| | 563,504 | 2 | 279,658 | 1 |
| Total equity attributable to shareholders of the Company | 18,025,950 | 55 | 14,139,120 | 48 |
| Non-controlling interests | 2,097,868 | 6 | 1,719,539 | 6 |
| Total equity | 20,123,818 | 61 | 15,858,659 | 54 |
| Total liabilities and equity | \$ 32,829,763 | 100 | 29,268,382 | 100 |

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

| | 2021 | | 2020 | |
|--|---------------|-----|------------|-----|
| | Amount | % | Amount | % |
| Revenue | \$ 32,533,238 | 100 | 24,024,443 | 100 |
| Operating costs | 25,732,774 | 79 | 21,087,174 | 88 |
| Gross profit | 6,800,464 | 21 | 2,937,269 | 12 |
| Operating expenses: | | | | |
| Selling expenses | 1,755,251 | 6 | 949,953 | 4 |
| General and administrative expenses | 1,014,618 | 3 | 1,000,809 | 4 |
| Research and development expenses | 371,679 | 1 | 350,678 | 2 |
| Impairment loss (reversal of impairment loss) | 2,362 | - | (3,627) | - |
| Total operating expenses | 3,143,910 | 10 | 2,297,813 | 10 |
| Other income and expenses, net | 271,545 | 1 | 182,859 | 1 |
| Operating profit | 3,928,099 | 12 | 822,315 | 3 |
| Non-operating income and expenses : | | | | |
| Interest income | 30,076 | - | 46,923 | - |
| Other income | 66,256 | - | 62,290 | - |
| Other gains and losses | 917,257 | 3 | (588,796) | (2) |
| Finance costs | (110,741) | - | (123,569) | - |
| Share of gain (loss) of associates and joint ventures accounted for under equity method | 802,041 | 2 | 301,508 | 1 |
| Total non-operating income and expenses | 1,704,889 | 5 | (301,644) | (1) |
| Net income before tax | 5,632,988 | 17 | 520,671 | 2 |
| Less: tax expenses | 1,168,683 | 3 | 305,410 | 1 |
| Net income | 4,464,305 | 14 | 215,261 | 1 |
| Other comprehensive income: | | | | |
| Components of other comprehensive income (loss) that will not be reclassified to profit or loss | | | | |
| Losses on remeasurements of defined benefit plans | (31,893) | - | (14,247) | - |
| Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 509,502 | 1 | (67,869) | - |
| Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 21,345 | - | - | - |
| Components of other comprehensive income that will not be reclassified to profit or loss | 456,264 | 1 | (82,116) | - |
| Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | |
| Exchange differences on translation of foreign financial statements | (282,962) | (1) | (247,989) | (1) |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method | 63,964 | - | 48,102 | - |
| 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 | (218,998) | (1) | (199,887) | (1) |
| Other comprehensive income | 237,266 | - | (282,003) | (1) |
| Total comprehensive income | \$ 4,701,571 | 14 | (66,742) | - |
| Net income (loss) attributable to: | | | | |
| Shareholders of parent | \$ 3,930,939 | 12 | (21,891) | |
| Non-controlling interests | \$ 533,366 | 2 | 237,152 | 1 |
| | 4,464,305 | 14 | 215,261 | 1 |
| Total comprehensive income attributable to: | | | | |
| Shareholders of parent | \$ 4,182,892 | 13 | (326,108) | (1) |
| Non-controlling interests | \$ 518,679 | 1 | 259,366 | 1 |
| | 4,701,571 | 14 | (66,742) | - |
| Basic earnings (losses) per share (New Taiwan Dollars) | \$ 4.76 | | (0.03) | |
| Diluted earnings (losses) per share (in New Taiwan dollars) | \$ 4.73 | | (0.03) | |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

(1) To Report 2021 Employee's Compensation and Director's Compensation

(2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

(1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)

(2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

(1) Amendments to the Company's "Articles of Incorporation"

(2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

(1) To Report 2021 Employee's Compensation and Director's Compensation

(2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

(1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)

(2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

(1) Amendments to the Company's "Articles of Incorporation"

(2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

| | Equity attributable to owners of parent | | | | |
|--|---|-----------------|------------------|----------------------------------|------------------|
| | Retained earnings | | | | Total |
| | Common stock | Capital surplus | Legal reserve | Unappropriated retained earnings | |
| Balance at January 1, 2020 | \$ 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 |
| Appropriation and distribution of retained earnings: | | | | | |
| Legal reserve | - | - | 4,818 | (4,818) | - |
| Cash dividends | - | - | - | (297,256) | (297,256) |
| Other changes in capital surplus | - | 1,194 | - | - | - |
| Net income | - | - | - | 3,930,939 | 3,930,939 |
| Other comprehensive income (loss) | - | - | - | (31,893) | (31,893) |
| Total comprehensive income (loss) | - | - | - | 3,899,046 | 3,899,046 |
| Balance at December 31, 2021 | <u>\$ 8,257,099</u> | <u>50,725</u> | <u>4,073,680</u> | <u>5,080,942</u> | <u>9,154,622</u> |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

(Expressed in Thousands of New Taiwan Dollars)

| Equity attributable to owners of parent | | | | | | | |
|---|---|---|-----------|---|------------------------------|--------------|--|
| Total other equity interest | | | | | | | |
| Financial state- ments transla- tion differences for foreign operations | Unrealized gains (losses) on financial assets measured at fair value through other compre- hensive income | Gains (losses) on hedging instru- ments | Total | Total equity attributable to owners of parent | Non-controlling interests | Total equity | |
| 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 | |
| - | - | - | - | - | - | - | |
| - | - | - | - | (297,256) | (140,350) | (437,606) | |
| - | - | - | - | 1,194 | - | 1,194 | |
| - | - | - | - | 3,930,939 | 533,366 | 4,464,305 | |
| (258,583) | 488,157 | 54,272 | 283,846 | 251,953 | (14,687) | 237,266 | |
| (258,583) | 488,157 | 54,272 | 283,846 | 4,182,892 | 518,679 | 4,701,571 | |
| (456,708) | 1,047,059 | (26,847) | 563,504 | 18,025,950 | 2,097,868 | 20,123,818 | |

Chairman: Nita Ing

Manager: Joseph Chai

Chief Accountant: Hsing-Jung Lin

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|--------------|-------------|
| Cash flows from operating activities: | | |
| Consolidated net income before tax | \$ 5,632,988 | 520,671 |
| Adjustments: | | |
| Adjustments to reconcile profit and loss: | | |
| Depreciation | 1,087,768 | 1,018,861 |
| Amortization | 122,572 | 137,553 |
| Impairment loss (reversal of impairment loss) | 2,362 | (3,627) |
| Interest expense | 110,741 | 123,569 |
| Interest income | (30,076) | (46,923) |
| Dividend income | (66,256) | (62,290) |
| Share of profit of associates and joint ventures accounted for under equity method | (802,041) | (301,508) |
| Loss (gain) on disposal of property, plant and equipment | (900,164) | 127,553 |
| Impairment loss on non-financial assets | - | 495,745 |
| Amortization to operating costs and inventories | 78,363 | 82,962 |
| Gain on lease modification | - | (8,780) |
| Total adjustments to reconcile profit and loss | (396,731) | 1,563,115 |
| Changes in operating assets and liabilities: | | |
| Net changes in operating assets: | | |
| Financial assets at fair value through profit or loss | (4,242) | (3,446) |
| Notes receivable | (380,597) | 295,127 |
| Accounts receivable | (916,852) | (39,107) |
| Other receivables | 59,195 | (26,710) |
| Inventories | (857,353) | 1,642,215 |
| Other current assets | 123,726 | (122,707) |
| Total changes in operating assets, net | (1,976,123) | 1,745,372 |
| Net changes in operating liabilities: | | |
| Financial liabilities at fair value through profit or loss | (32,272) | 26,956 |
| Accounts payable | (106,288) | (749,082) |
| Accounts payable - related parties | 1,316 | (59,418) |
| Other payables | 362,607 | (90,728) |
| Other current liabilities | 79,726 | (90,953) |
| Net defined benefit liability | (16,086) | (54,978) |
| Other non-current liabilities | (15,416) | 15,989 |
| Total changes in operating liabilities, net | 273,587 | (1,002,214) |
| Total changes in operating assets and liabilities, net | (1,702,536) | 743,158 |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|--------------------|
| Total adjustments | (2,099,267) | 2,306,273 |
| Cash provided by operating activities | 3,533,721 | 2,826,944 |
| Interest income received | 23,218 | 42,732 |
| Interest paid | (108,987) | (123,502) |
| Income taxes paid | (745,979) | (382,191) |
| Net cash flow from operating activities | <u>2,701,973</u> | <u>2,363,983</u> |
| Cash flows from (used in) investing activities: | | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | - | 135,404 |
| Acquisition of property, plant and equipment | (860,808) | (1,437,939) |
| Proceeds from disposal of property, plant and equipment | 1,217,515 | 1,904 |
| Acquisition of intangible assets | - | (25,446) |
| Decrease (increase) in other non-current assets | 38,839 | (49,091) |
| Dividends received | 149,573 | 137,346 |
| Decrease (increase) in restricted assets | 129,299 | (254,987) |
| Net cash flows from (used in) investing activities | <u>674,418</u> | <u>(1,492,809)</u> |
| Cash flows from (used in) financing activities: | | |
| Increase in short-term borrowings | 24,560,598 | 36,230,155 |
| Decrease in short-term borrowings | (24,261,595) | (37,097,249) |
| Proceeds from long-term borrowings | 1,709,548 | 647,039 |
| Repayments of long-term borrowings | (3,392,262) | (1,093,755) |
| Repayments of lease liabilities | (145,875) | (173,607) |
| Cash dividends paid | (437,591) | (529,279) |
| Overaging unclaimed dividends | 1,194 | 2,391 |
| Net cash used in financing activities | <u>(1,965,983)</u> | <u>(2,014,305)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (224,116) | (273,686) |
| Net increase (decrease) in cash and cash equivalents | 1,186,292 | (1,416,817) |
| Cash and cash equivalents at beginning of period | <u>3,278,463</u> | <u>4,695,280</u> |
| Cash and cash equivalents at end of period | <u>\$ 4,464,755</u> | <u>3,278,463</u> |

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

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 balance sheets as of December 31, 2021 and 2020, and the 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 financial position of the TSRC Corporation as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the TSRC Corporation 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, 2021. 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(t) for disclosures related to revenue recognition.

Description of key audit matter:

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

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 it is reasonable and is being implemented. The procedures include 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.

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

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 (including the Audit Committee) 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

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

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

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

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 10, 2022

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

TSRC CORPORATION

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| Assets | December 31, 2021 | | December 31, 2020 | |
|---|----------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 140,115 | 1 | 134,602 | 1 |
| Financial assets at fair value through profit or loss - current | 713 | - | 3,460 | - |
| Notes receivable, net | 1,857 | - | 2,342 | - |
| Accounts receivable, net | 1,398,583 | 5 | 945,414 | 4 |
| Account receivable - related parties | 203,040 | 1 | 87,273 | - |
| Other receivables | 202,063 | 1 | 117,821 | 1 |
| Current income tax assets | - | - | 12,151 | - |
| Inventories | 1,670,515 | 7 | 1,483,926 | 7 |
| Other current assets | 193,123 | 1 | 342,902 | 2 |
| Total current assets | 3,810,009 | 16 | 3,129,891 | 15 |
| Non-current assets: | | | | |
| Non-current financial assets at fair value through other comprehensive income | 1,220,669 | 5 | 838,235 | 4 |
| Investments accounted for under equity method | 15,833,863 | 62 | 13,644,962 | 61 |
| Property, plant and equipment | 2,866,238 | 11 | 2,978,757 | 13 |
| Right-of-use assets | 43,833 | - | 43,131 | - |
| Investment property | 1,552,148 | 6 | 1,566,873 | 7 |
| Intangible assets | 69,112 | - | 65,098 | - |
| Deferred income tax assets | 28,187 | - | 67,126 | - |
| Other non-current assets | 21,521 | - | 41,250 | - |
| Total non-current assets | 21,635,571 | 84 | 19,245,432 | 85 |
| Total assets | \$ 25,445,580 | 100 | 22,375,323 | 100 |

Chairman: Nita Ing

Manager: Joseph Chai

Chief Accountant: Hsing-Jung Lin

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| Liabilities and Equity | December 31, 2021 | | December 31, 2020 | |
|---|----------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| Current liabilities: | | | | |
| Short-term borrowings | \$ 2,205,053 | 9 | 2,697,482 | 12 |
| Current portion of long-term borrowings | 400,000 | 2 | 2,100,000 | 9 |
| Financial liabilities at fair value through profit or loss – current | 93 | - | 81 | - |
| Accounts payables | 789,029 | 3 | 674,118 | 4 |
| Current income tax liabilities | 33,039 | - | 12,201 | - |
| Other payable | 726,615 | 3 | 509,913 | 3 |
| Current lease liabilities | 38,323 | - | 29,417 | - |
| Other current liabilities | 33,550 | - | 14,639 | - |
| Total current liabilities | 4,225,702 | 17 | 6,037,851 | 28 |
| Non-Current liabilities: | | | | |
| Long-term bank borrowings | 1,745,756 | 7 | 973,718 | 4 |
| Other long-term borrowings | 349,922 | 1 | 349,341 | 2 |
| Provision liabilities - non-current | 27,757 | - | 31,819 | - |
| Deferred income tax liabilities | 959,693 | 4 | 739,404 | 3 |
| Non-current lease liabilities | 6,124 | - | 15,034 | - |
| Other non-current liabilities | 104,676 | - | 89,036 | - |
| Total non-current liabilities | 3,193,928 | 12 | 2,198,352 | 9 |
| Total liabilities | 7,419,630 | 29 | 8,236,203 | 37 |
| Equity attributable to shareholders of the company : | | | | |
| Common stock | 8,257,099 | 32 | 8,257,099 | 37 |
| Capital surplus | 50,725 | - | 49,531 | - |
| Retained earnings: | | | | |
| Legal reserve | 4,073,680 | 16 | 4,068,862 | 18 |
| Unappropriated earnings | 5,080,942 | 20 | 1,483,970 | 7 |
| | 9,154,622 | 36 | 5,552,832 | 25 |
| Other equity: | | | | |
| Financial statement translation differences for foreign operations | (456,708) | (2) | (198,125) | (1) |
| Unrealized gain on financial assets measured at fair value through other comprehensive income | 1,047,059 | 5 | 558,902 | 2 |
| Gains (losses) on hedging instrument | (26,847) | - | (81,119) | - |
| | 563,504 | 3 | 279,658 | 1 |
| Total equity | 18,025,950 | 71 | 14,139,120 | 63 |
| Total liabilities and equity | \$ 25,445,580 | 100 | 22,375,323 | 100 |

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

| | 2021 | | 2020 | |
|---|---------------|-----|-----------|-----|
| | Amount | % | Amount | % |
| Revenue | \$ 11,150,474 | 100 | 8,344,155 | 100 |
| Operating costs | 8,950,930 | 80 | 7,865,980 | 94 |
| Gross profit from operations | 2,199,544 | 20 | 478,175 | 6 |
| Less: Unrealized gain (loss) on affiliated transactions | 27,755 | - | (11,712) | - |
| Gross profit | 2,171,789 | 20 | 489,887 | 6 |
| Operating expenses : | | | | |
| Selling expenses | 609,388 | 5 | 342,250 | 4 |
| General and administrative expenses | 526,203 | 5 | 441,427 | 5 |
| Research and development expenses | 263,947 | 2 | 264,001 | 3 |
| Impairment loss (reversal of impairment loss) | (455) | - | (138) | - |
| Total operating expenses | 1,399,083 | 12 | 1,047,540 | 12 |
| Other income and expenses, net | 321,475 | 3 | 210,685 | 2 |
| Operating profit (loss) | 1,094,181 | 11 | (346,968) | (4) |
| Non-operating income and expenses : | | | | |
| Interest income | 5,107 | - | 6,503 | - |
| Other income | 59,252 | 1 | 56,878 | 1 |
| Other gains and losses | 1,011,054 | 9 | 5,956 | - |
| Finance costs | (59,273) | (1) | (78,788) | (1) |
| Share of profit from the subsidiaries, the associates and joint ventures | 2,230,890 | 20 | 438,275 | 5 |
| Total non-operating income and expenses | 3,247,030 | 29 | 428,824 | 5 |
| Net income before tax | 4,341,211 | 40 | 81,856 | 1 |
| Less: Income tax expenses | 410,272 | 4 | 103,747 | 1 |
| Net income (loss) | 3,930,939 | 36 | (21,891) | - |
| 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 | (31,893) | - | (14,247) | - |
| Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 382,434 | 3 | 20,122 | - |
| 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 | 127,068 | 1 | (87,991) | (1) |
| Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 21,345 | - | - | - |
| Components of other comprehensive income that will not be reclassified to profit or loss | 456,264 | 4 | (82,116) | (1) |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Financial statements translation differences for foreign operations | (258,583) | (2) | (221,508) | (3) |
| Share of other comprehensive income of subsidiaries accounted for using equity method | 54,272 | - | (593) | - |
| 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 | (204,311) | (2) | (222,101) | (3) |
| Other comprehensive income | 251,953 | 2 | (304,217) | (4) |
| Total comprehensive income | \$ 4,182,892 | 38 | (326,108) | (4) |
| Basic earnings (losses) per share (in New Taiwan dollars) | \$ 4.76 | | (0.03) | |
| Diluted earnings (losses) per share (in New Taiwan dollars) | \$ 4.73 | | (0.03) | |

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

[Home page](#)[Table of Contents](#)**I. Meeting Procedure**[1. Call the Meeting to Order](#)[2. Addresses by Chairman](#)**3. Matter to be Reported**

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions**7. Adjournment****II. Attachment**[1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021](#)[2. Comparison Table for Amendment of "Article of Incorporation"](#)[3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"](#)**III. Appendix**[1. Rules and Procedures of Shareholders' Meeting](#)[2. Articles of Incorporation](#)[3. Disclosure of Directors' Shareholdings](#)

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

(1) To Report 2021 Employee's Compensation and Director's Compensation

(2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

(1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)

(2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

(1) Amendments to the Company's "Articles of Incorporation"

(2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

TSRC CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

| | | | Retained earnings | | |
|---|---------------------|-----------------|-------------------|----------------------------------|------------------|
| | Common stock | Capital surplus | Legal reserve | Unappropriated retained earnings | Total |
| Balance at January 1, 2020 | \$ 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 designated 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 |
| Appropriation and distribution: | | | | | |
| Legal reserve | - | - | 4,818 | (4,818) | - |
| Cash dividends | - | - | - | (297,256) | (297,256) |
| Other changes in capital surplus | - | 1,194 | - | - | - |
| Net income | - | - | - | 3,930,939 | 3,930,939 |
| Other comprehensive income (loss) | - | - | - | (31,893) | (31,893) |
| Total comprehensive income (loss) | - | - | - | 3,899,046 | 3,899,046 |
| Balance at December 31, 2021 | <u>\$ 8,257,099</u> | <u>50,725</u> | <u>4,073,680</u> | <u>5,080,942</u> | <u>9,154,622</u> |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

(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 | |
| 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 | |
| - | - | - | - | - | |
| - | - | - | - | (297,256) | |
| - | - | - | - | 1,194 | |
| - | - | - | - | 3,930,939 | |
| (258,583) | 488,157 | 54,272 | 283,846 | 251,953 | |
| (258,583) | 488,157 | 54,272 | 283,846 | 4,182,892 | |
| (456,708) | 1,047,059 | (26,847) | 563,504 | 18,025,950 | |

Chairman:Nita Ing

Manager:Joseph Chai

Chief Accountant: Hsing-Jung Lin

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

(1) To Report 2021 Employee's Compensation and Director's Compensation

(2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

(1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)

(2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

(1) Amendments to the Company's "Articles of Incorporation"

(2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

TSRC CORPORATION

Statements of Cash Flows

For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

| | 2021 | 2020 |
|--|--------------|-----------|
| Cash flows from (used in) operating activities: | | |
| Net income before tax | \$ 4,341,211 | 81,856 |
| Adjustments: | | |
| Adjustments to reconcile profit and loss: | | |
| Depreciation | 300,450 | 321,969 |
| Amortization | 20,108 | 20,418 |
| Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9 | (455) | (138) |
| Interest expense | 59,273 | 78,788 |
| Interest income | (5,107) | (6,503) |
| Dividend income | (59,252) | (56,878) |
| Share of profit of subsidiaries accounted for under equity method | (2,230,890) | (438,275) |
| Gain on disposal of property, plant and equipment | (1,011,238) | - |
| Unrealized gain (loss) on affiliated transactions | 27,755 | (11,712) |
| Amortization to operating costs and inventories | 31,639 | 34,096 |
| Unearned revenue from technology provided to investee | (2,608) | (53,496) |
| Total adjustments to reconcile profit and loss | (2,870,325) | (111,731) |
| Changes in operating assets and liabilities: | | |
| Net changes in operating assets: | | |
| Financial assets at fair value through profit or loss | 2,747 | (3,446) |
| Notes receivable | 485 | 320 |
| Accounts receivable | (452,714) | 4,192 |
| Accounts receivable - related parties | (115,767) | 27,198 |
| Other receivables | (84,469) | 50,868 |
| Inventories | (186,589) | 730,153 |
| Other current assets | 20,480 | 28,727 |
| Total changes in operating assets, net | (815,827) | 838,012 |
| Net changes in operating liabilities: | | |
| Financial liabilities at fair value through profit or loss | 12 | (147) |
| Accounts payable | 114,911 | (192,245) |
| Other payables | 219,729 | (104,719) |
| Other current liabilities | 18,911 | (15,699) |
| Net defined benefit liability | (16,086) | (54,978) |
| Other non-current liabilities | (167) | 5,135 |
| Total changes in operating liabilities, net | 337,310 | (362,653) |
| Total changes in operating assets and liabilities, net | (478,517) | 475,359 |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| | 2021 | 2020 |
|---|--------------------|--------------------|
| Total adjustments | (3,348,842) | 363,628 |
| Cash provided by operating activities | 992,369 | 445,484 |
| Interest income received | 5,334 | 6,284 |
| Interest paid | (59,246) | (78,642) |
| Income taxes paid | (139,401) | (57,446) |
| Net cash flows from operating activities | 799,056 | 315,680 |
| Cash flows from (used in) investing activities: | | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | - | 135,404 |
| Acquisition of investments accounted for under equity method | (64,462) | - |
| Acquisition of property, plant and equipment | (385,596) | (529,145) |
| Proceeds from disposal of property, plant and equipment | 1,213,830 | - |
| Decrease (increase) in other non-current assets | 19,729 | (11,101) |
| Dividends received | 59,252 | 1,337,061 |
| Decrease (increase) in restricted assets | 129,299 | (254,987) |
| Net cash flows from investing activities | 972,052 | 677,232 |
| Cash flows from (used in) financing activities: | | |
| Increase in short-term borrowings | 18,098,954 | 28,610,459 |
| Decrease in short-term borrowings | (18,591,383) | (29,048,540) |
| Proceeds from long-term borrowings | 1,673,109 | 73,718 |
| Repayments of long-term borrowings | (2,601,071) | (450,000) |
| Payment of lease liabilities | (49,157) | (51,357) |
| Cash dividends paid | (297,241) | (412,421) |
| Over-aging unclaimed dividends | 1,194 | 2,391 |
| Net cash used in financing activities | (1,765,595) | (1,275,750) |
| Net increase (decrease) in cash and cash equivalents | 5,513 | (282,838) |
| Cash and cash equivalents at beginning of period | 134,602 | 417,440 |
| Cash and cash equivalents at end of period | \$ 140,115 | 134,602 |

Chairman: Nita Ing

Manager: Joseph Chai

Chief Accountant: Hsing-Jung Lin



Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Changes in Accounting Estimates

Descriptions of the changes in accounting estimates for the Company's consolidated financial statements in accordance with the IAS due to the relocation of the subsidiary Shen Hua Chemical Industrial Co., Ltd

1. The Company's subsidiary Shenhua Chemical Industrial Company Limited entered into a Compensation Agreement with Nantong Economic and Technological Development Zone Chemical Park Management Office and Nantong Nengda Yanjiang Science and Technology Park Development Co., Ltd. on December 4th, 2021 to suspend operations at the current manufacturing site no later than December 31st, 2024, and also signed an Investment Agreement of a new manufacturing site with Nantong Economic and Technological Development Zone Chemical Park Management Office.
2. When preparing the consolidated financial statements, the Company concluded that the compensation amounts under the Compensation Agreement included the subsidies to the carrying amounts of non-removable buildings and equipment (the "non-removable assets") upon write-off; therefore, the useful lives of the non-removable assets were adjusted to December 31st, 2024, and the residual value was adjusted to the carrying value as on December 31st, 2024. This change in accounting estimates resulted to approximately RMB 75,974 thousand increase in the residual value of the assets in 2021 balance sheet; however, the increase of the residual value and the decrease of the useful lives of the non-removable assets have no impact on the Company's depreciation expenses from 2021 to 2024.
3. The external auditor KPMG has reviewed the changes of accounting estimates in accordance with Article 6 of "Regulations Governing the Preparation of Financial Reporting by Securities Issuers" and issued an opinion without finding any unreasonable matters.



Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Audit Report of Audit Committee

To:

2022 Annual Shareholders' Meeting

Audit Report of Audit Committee

The Board of Directors has proposed the Company's 2021 Business Report, Financial Statements and distribution of earnings. Financial Statements have been audited by KPMG and an audit report is accordingly issued.

The Proposal of Business Report, Financial Statements, and distribution 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.

Sean Chao

The convener of Audit Committee TSRC Corporation

Date: March 10, 2022

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

(1) To Report 2021 Employee's Compensation and Director's Compensation

(2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

(1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)

(2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

(1) Amendments to the Company's "Articles of Incorporation"

(2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Attachment 2

Comparison Table for Amendment of "Article of Incorporation"

| Amended Article | Current Article | Description |
|--|---|--|
| <p><u>Article 12-1</u> <u>Shareholders' meetings of the Company may be held by way of video conferences or other methods announced by the competent authority.</u> <u>The shareholders' meeting of the Company by way of video conferences shall be subject to relevant laws and regulations and the Rules and Procedures of Shareholders' Meeting of the Company.</u></p> | | <ol style="list-style-type: none"> 1. Newly added. 2. According to the amended Article 172-2 of the Company Act published on December 29, 2021, the Company may hold its shareholders' meetings by way of video conferences or other methods announced by the competent authority. 3. It is stated requirements to be observed for the shareholders' meeting of the Company held by way of video conferences. |
| <p>Article 18 Directors shall select one director among themselves as the chairman of the board who will represent the Company externally. If the chairman is absent or cannot perform his/her duties due to some reasons, the chairman shall assign a person to act on his/her behalf; in case of the chairman did not assign a proxy, then the directors shall select one director as the acting among themselves.</p> | <p>Article 18. Directors shall select one director among themselves as the chairman of the board who will represent the Company externally. <u>In addition, directors shall also select one director among themselves as the vice chairman of the board.</u> If the chairman is absent or cannot perform his/her duties due to some reasons, <u>the vice chairman shall act on his/her behalf; if there are no vice chairman or the vice chairman is absent or cannot perform his/her duties due to some reasons,</u> the chairman shall assign a person to act on his/her behalf; in case of the chairman did not assign a proxy, then the directors shall select one director as the acting among themselves.</p> | <p>Amended in accordance with the Company's operation needs.</p> |
| <p>Article 25 The Company shall have several managers, <u>who shall handle affairs of the Company in accordance with the laws, regulations, and the Board resolutions.</u> Their appointment and dismissal shall be handled in accordance with Article 29 of The Company Act. The managers mentioned in the previous paragraph are entitled to sign on behalf of the Company in accordance with the authorized scope in the relevant <u>level of authority regulations of the Company.</u></p> | <p>Article 25 The Company shall have several managers. Their appointment and dismissal shall be handled in accordance with Article 29 of The Company Act. The managers mentioned in the previous paragraph are entitled to sign on behalf of the Company in accordance with the authorized scope in the relevant regulations.</p> | <p>Amended in accordance with the Company's operation needs.</p> |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

(1) To Report 2021 Employee's Compensation and Director's Compensation

(2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

(1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)

(2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

(1) Amendments to the Company's "Articles of Incorporation"

(2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| Amended Article | Current Article | Description |
|--|--|-----------------------------------|
| Article 27. <u>"Deleted"</u> | Article 27. <u>In accordance with instruction of the Chairman and resolution of the Board, the Manager shall handle affairs of the Company within the scope of his or her own duties.</u> | Combined into Article 25. |
| Article 35 These Articles of incorporation were concluded on July 27, 1973. 1st amendments thereof was made on June 25, 1974, 2nd amendments thereof on April 23, 1975, 3rd amendments on February 17, 1976, 4th amendments thereof on June 30, 1976, 5th amendments thereof on April 26, 1977, 6th amendments thereof on June 20, 1979, 7th amendments thereof on May 23, 1980, 8th amendments thereof on May 11 1981, 9th amendments thereof on November 25, 1981, 10th amendments thereof on May 24, 1983, 11th amendments thereof on May 23, 1984, 12th amendments thereof on April 26, 1985, 13th amendments thereof on April 29, 1986, 14th amendments thereof on April 29, 1987, 15th amendments thereof on May 10, 1988, 16th amendments thereof on May 12, 1989, 17th amendments thereof on April 12, 1990, 18th amendments thereof on April 24, 1991, 19th amendments thereof on May 14, 1992, 20th amendments thereof on May 20, 1993, 21st amendments thereof on June 27, 1995, 22nd amendments thereof on June 16, 1996, 23rd amendments thereof on May 24, 1997, 24th amendments thereof on May 26, 1998, 25th amendments on May 29, 1999, 26th amendments thereof on May 27, 1990, 27th amendments thereof on June 20, 2002, 28th amendments | Article 35 These Articles of incorporation were concluded on July 27, 1973. 1st amendments thereof was made on June 25, 1974, 2nd amendments thereof on April 23, 1975, 3rd amendments on February 17, 1976, 4th amendments thereof on June 30, 1976, 5th amendments thereof on April 26, 1977, 6th amendments thereof on June 20, 1979, 7th amendments thereof on May 23, 1980, 8th amendments thereof on May 11 1981, 9th amendments thereof on November 25, 1981, 10th amendments thereof on May 24, 1983, 11th amendments thereof on May 23, 1984, 12th amendments thereof on April 26, 1985, 13th amendments thereof on April 29, 1986, 14th amendments thereof on April 29, 1987, 15th amendments thereof on May 10, 1988, 16th amendments thereof on May 12, 1989, 17th amendments thereof on April 12, 1990, 18th amendments thereof on April 24, 1991, 19th amendments thereof on May 14, 1992, 20th amendments thereof on May 20, 1993, 21st amendments thereof on June 27, 1995, 22nd amendments thereof on June 16, 1996, 23rd amendments thereof on May 24, 1997, 24th amendments thereof on May 26, 1998, 25th amendments on May 29, 1999, 26th amendments thereof on May 27, 1990, 27th amendments thereof on June 20, 2002, 28th amendments | Added the date of the amendments. |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| Amended Article | Current Article | Description |
|--|--|-------------|
| thereof on May 30, 2003, 29th amendments thereof on May 31, 2005, 30th amendments thereof on June 13, 2008, 31st amendments thereof on June 10, 2011, 32nd amendments thereof on June 6, 2012, 33rd amendments thereof on June 11, 2014, 34th amendments thereof on June 10, 2015 and 35th amendments thereof on June 24, 2016, the 36th amendment was made on June 21, 2018. 37th amendment is made on June 6th, 2019, 38th amendment is made on June 19th, 2020, <u>39th amendment is made on June 17th, 2022.</u> | thereof on May 30, 2003, 29th amendments thereof on May 31, 2005, 30th amendments thereof on June 13, 2008, 31st amendments thereof on June 10, 2011, 32nd amendments thereof on June 6, 2012, 33rd amendments thereof on June 11, 2014, 34th amendments thereof on June 10, 2015 and 35th amendments thereof on June 24, 2016, the 36th amendment was made on June 21, 2018. 37th amendment is made on June 6th, 2019, 38th amendment is made on June 19th, 2020. | |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Attachment 3

Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

| Amended Article | Current Article | Description |
|---|---|--|
| <p>5. Operating Procedures</p> <p>5.1.3</p> <p>(III) If any of the following discrepancies occur, a certified public accountant ("CPA") shall be engaged to assess the value of the appraisal and render an opinion on the reason for the discrepancy and the reasonableness of the transaction price unless the appraised value was higher than the transaction price for an acquisition were or lower than the transaction price in a disposal:</p> <p>(1) The discrepancy between the appraisal result and the transaction value is twenty percent (20%) or more of the transaction value.</p> <p>(2) The discrepancy between the professional appraisals is ten percent (10%) or more of the transaction value.</p> | <p>5. Operating Procedures</p> <p>5.1.3</p> <p>(III) If any of the following discrepancies occur, a certified public accountant ("CPA") shall be engaged to assess the value of the appraisal pursuant to the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render an opinion on the reason for the discrepancy and the reasonableness of the transaction price unless the appraised value was higher than the transaction price for an acquisition were or lower than the transaction price in a disposal:</p> <p>(1) The discrepancy between the appraisal result and the transaction value is twenty percent (20%) or more of the transaction value.</p> <p>(2) The discrepancy between the professional appraisals is ten percent (10%) or more of the transaction value.</p> | <ol style="list-style-type: none">1. The Procedures is established according to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the Securities and Futures Bureau, FSC, and is referred to as the "Regulations" in the following amendments.2. According to the Regulations, the issuance of opinions by external experts shall comply with the self-disciplinary specifications of the industrial association, which cover the procedures to be executed for CPAs to issue their opinions; therefore, the text "...CPAs to comply with Statement of Auditing Standards NO. 20 issued by the Accounting Research and Development Foundation..." was deleted. |
| <p>5.2.3</p> <p>(III) If the transaction value is NT\$300 million or more, the Company shall consult a CAP before the transaction date to obtain an opinion on the reasonableness of the transaction price. This requirement shall not apply to publicly listed securities with an active market for its shares, or where otherwise provided by local regulations.</p> | <p>5.2.3</p> <p>(III) If the transaction value is NT\$300 million or more, the Company shall consult a CAP before the transaction date to obtain an opinion on the reasonableness of the transaction price. <u>If the CPA must use expert reports to provide an opinion, he or she shall do so pursuant to the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF);</u> this requirement shall not apply to publicly listed securities with an active market for its shares, or where otherwise provided by local regulations.</p> | |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| Amended Article | Current Article | Description |
|---|---|---|
| <p>5.3.3 (II) If the transaction amount is twenty percent (20%) or more of the company's paid-in capital, or if the amount is NT\$ 300 million or more, the Company shall consult a CPA prior to the date of a transaction to provide an opinion regarding the reasonableness of the transaction price unless the deal involves transaction with a government agency.</p> | <p>5.3.3 (II) If the transaction amount is twenty percent (20%) or more of the company's paid-in capital, or if the amount is NT\$ 300 million or more, the Company shall consult a CPA prior to the date of a transaction to provide an opinion regarding the reasonableness of the transaction price unless the deal involves transaction with a government agency. <u>The CPA shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).</u></p> | |
| <p>5.4 Related party transaction 5.4.2 Where the Company acquires real estate property or right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with 5.4.4 and the provisions in 5.4.2 shall not apply: (IV) The real property right-of-use assets for business use are acquired by the Company, <u>and its parent company</u>, or by its subsidiaries in which the Company directly or indirectly holds one hundred percent (100%) of the issued shares or authorized capital.</p> <p>5.4.4 Procedure to pass a resolution: when the Company intends to acquire or dispose of real estate property or right-of-use assets from or to a related party and the transaction amount reaches twenty percent (20%) or more of paid-in capital, ten percent (10%) or more of the Company's total assets, or NT\$300 million or more, the Company may not enter into a contract or make a payment until the following matters have been approved by the Board, with the exception of trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds:</p> | <p>5.4 Related party transaction 5.4.2 Where the Company acquires real estate property or right-of-use assets from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with 5.4.4 and the provisions in 5.4.2 shall not apply: (IV) The real property right-of-use assets for business use are acquired by the Company and its subsidiaries, or by its subsidiaries in which the Company directly or indirectly holds one hundred percent (100%) of the issued shares or authorized capital.</p> <p>5.4.4 Procedure to pass a resolution: when the Company intends to acquire or dispose of real estate property or right-of-use assets from or to a related party and the transaction amount reaches twenty percent (20%) or more of paid-in capital, ten percent (10%) or more of the Company's total assets, or NT\$300 million or more, the Company may not enter into a contract or make a payment until the following matters have been approved by the Board, with the exception of trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds:</p> | <ol style="list-style-type: none">1. As Maoshi Corporation is the parent company of the Company, the requirement related to transactions with the parent company is added according to the Regulations.2. To strengthen the management of related party transactions, the Company added that, for the acquisition or disposal of assets by the Company or its subsidiaries that are not public companies in Taiwan with the related parties for transaction amount reaching 10% of the total assets of the listed company and above, the transaction shall be subject to the consent from the shareholders' meeting after relevant information is submitted to it by the Company to safeguard shareholders' interests. |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| Amended Article | Current Article | Description |
|---|--|-------------|
| <p>(1) The purpose, necessity and expected benefit for the acquisition or disposal of assets.</p> <p>(2) The reason for selecting the related party as a party for the transaction.</p> <p>(3) The relevant information of reasonableness of transaction terms to acquire real estate property or right-of-use asset from the related party in accordance with Article 5.4.2 and 5.4.3.</p> <p>(4) The date and price during which the related party originally acquired the real estate property, the other party to the original transaction and the relationship of the other party to the Company and to the related party.</p> <p>(5) A monthly cash flow forecast for the next twelve (12) months commencing from the month of the scheduled signing of the contract, an evaluation on the necessity of the transaction and the reasonableness on the use of funds for the transaction.</p> <p>(6) An appraisal report from a professional appraiser or an opinion from a CPA in accordance with Article 5.4.1.</p> <p>(7) Covenants and other stipulations related to the transaction.</p> <p>The acquisition or disposal of equipment or right-of-use and real estate property right-of-use for business use between the Company and <u>its parent company or its subsidiaries</u> in which the Company directly or indirectly holds one hundred percent (100%) of the voting shares or between the subsidiaries in which the Company directly or indirectly holds one hundred percent (100%) of the voting shares with the amount of NT\$300 million or less may be approved by the Chairman with authorization from the Board and the decision shall be submitted for ratification at the next Board meeting.</p> | <p>(1) The purpose, necessity and expected benefit for the acquisition or disposal of assets.</p> <p>(2) The reason for selecting the related party as a party for the transaction.</p> <p>(3) The relevant information of reasonableness of transaction terms to acquire real estate property or right-of-use asset from the related party in accordance with Article 5.4.2 and 5.4.3.</p> <p>(4) The date and price during which the related party originally acquired the real estate property, the other party to the original transaction and the relationship of the other party to the Company and to the related party.</p> <p>(5) A monthly cash flow forecast for the next twelve (12) months commencing from the month of the scheduled signing of the contract, an evaluation on the necessity of the transaction and the reasonableness on the use of funds for the transaction.</p> <p>(6) An appraisal report from a professional appraiser or an opinion from a CPA in accordance with Article 5.4.1.</p> <p>(7) Covenants and other stipulations related to the transaction.</p> <p>The transaction amount shall be calculated in accordance with 5.9.2.1 (7). "Within the preceding year" herein refers to one-year period preceding the date the transaction occurred. Transactions that have already been approved by the Board shall be excluded from this calculation.</p> | |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| Amended Article | Current Article | Description |
|--|--|--|
| <p><u>The company has a transaction stated in paragraph 1 with the transaction amount reaching 10% of the Company's total assets and above, the execution of the contract and the payment shall be subject to the consent of the shareholders' meeting after the Company has submitted the information stated in subparagraphs under paragraph 1 to the shareholders' meeting. However, this shall not apply to transactions between the Company and its parent company or subsidiaries, or between subsidiaries.</u></p> <p>The transaction amount for the three preceding paragraphs shall be calculated in accordance with 5.9.2.1(7). "Within the preceding year" herein refers to one-year period preceding the date the transaction occurred. Transactions that have already been approved by the shareholders' meeting and the Board shall be excluded from this calculation.</p> | <p>The acquisition or disposal of equipment or right-of-use and real estate property right-of-use for business use between the Company and its subsidiaries in which the Company directly or indirectly holds one hundred percent (100%) of the voting shares or between the subsidiaries in which the Company directly or indirectly holds one hundred percent (100%) of the voting shares with the amount of NT\$300 million or less may be approved by the Chairman with authorization from the Board and the decision shall be submitted for ratification at the next Board meeting.</p> | |
| <p>5.9 Disclosure of Information 5.9.2 When acquiring or disposing of assets, the Company shall disclose the relevant information on a website designated by the competent authority, within two (2) days of the date of occurrence under the following circumstances: (1) Related party transactions involving either real estate property or right-of-use assets or assets other than real estate property or right-of-use assets whose transaction price is more than twenty percent (20%) of the Company's paid-in capital, ten percent (10%) of the Company's total assets, or more than NT\$300 million. Transaction involving government bonds or bonds under repurchase and resale agreements and the purchasing or redeeming of money market funds issued by domestic securities investment trust enterprises are excluded.</p> | <p>5.9 Disclosure of Information 5.9.2 When acquiring or disposing of assets, the Company shall disclose the relevant information on a website designated by the competent authority, within two (2) days of the date of occurrence under the following circumstances: (1) Related party transactions involving either real estate property or right-of-use assets or assets other than real estate property or right-of-use assets whose transaction price is more than twenty percent (20%) of the Company's paid-in capital, ten percent (10%) of the Company's total assets, or more than NT\$300 million. Transaction involving government bonds or bonds under repurchase and resale agreements and the purchasing or redeeming of money market funds issued by domestic securities investment trust enterprises are excluded.</p> | <p>Loosen the rules regarding the information disclosure of partial transactions according to the requirements of the standards.</p> |

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| Amended Article | Current Article | Description |
|---|---|-------------|
| (2) The initiation of a merger, spin-off, acquisition, or share transfer. | (2) The initiation of a merger, spin-off, acquisition, or share transfer. | |
| (3) When losses from derivatives transactions exceed the maximum loss limits on either the aggregate contract amount or individual contract. | (3) When losses from derivatives transactions exceed the maximum loss limits on either the aggregate contract amount or individual contract. | |
| (4) The assets acquired or disposed of is equipment or machinery or right-of-use assets for business uses, the party to the transaction is not a related party and the transaction amount meets any of the following criteria: (a) The Company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. (b) The Company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches USD1 billion or more. | (4) The assets acquired or disposed of is equipment or machinery or right-of-use assets for business uses, the party to the transaction is not a related party and the transaction amount meets any of the following criteria: (a) The Company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more. (b) The Company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches USD1 billion or more. | |
| (5) Investment with non-related party in real estate property at NT\$500 million or more and acquired through contracting out the construction of the building to another party on land owned or rented by the Company or joint development and separate ownership of sections of the building, land and building, or based on an agreed ownership ratio. | (5) Investment with non-related party in real estate property at NT\$500 million or more and acquired through contracting out the construction of the building to another party on land owned or rented by the Company or joint development and separate ownership of sections of the building, land and building, or based on an agreed ownership ratio. | |

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

| Amended Article | Current Article | Description |
|---|--|-------------|
| (6) Besides the above situation, any acquisition or disposal assets or investment in mainland China reaches twenty percent (20%) or more of the Company's paid-in capital or NT\$300 million or more, except for the following circumstances: (a) Trading of domestic government bonds <u>or foreign bonds with a credit rating not lower than the sovereign rating in Taiwan.</u> (b) Trading bonds under repurchase or resale agreements, or purchase or redemption of money market funds issued by domestic securities investment trust enterprises. | (6) Besides the above situation, any acquisition or disposal assets or investment in mainland China reaches twenty percent (20%) or more of the Company's paid-in capital or NT\$300 million or more, except for the following circumstances: (a) Trading of domestic government bonds. (b) Trading bonds under repurchase or resale agreements, or purchase or redemption of money market funds issued by domestic securities investment trust enterprises. | |

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Appendix 1

Rules and Procedures of Shareholders' Meeting

Amended on June 10, 2015

1. The Company's shareholders' meeting shall be handled in accordance with the Rules.
2. Attending shareholders (or proxies) shall show their attendance certificates and submit sign-in cards for calculation of attending votes plus electronic voting exercise options. The proxy that is not a shareholder and the shareholder with a letter of proxy issued must have their identity document ready for examination. A shareholding with one of the following is without voting right and is excluded from the total stock shares issued and number of attendance:
 - (1) TSRC's shareholdings.
 - (2) TSRC's stock shares held by the wholly owned subsidiary that is with over 50% of its stock shares issued with voting rights or total stock capital held by TSRC.
 - (3) TSRC's stock shares held by the Company that is with over 50% of its stock shares issued with voting rights or total stock capital held by TSRC and TSRC's subsidiary directly or indirectly.
- 2-1. The chairperson may designate the attorney, CPA or the relevant staff appointed by him to attend the meeting, and also designate the conference personnel in charge of the meeting and the personnel maintaining the order on site (or security guards) to help proceed with the meeting, provided that the personnel referred to herein shall wear identification certificates or badges.
3. The chairperson shall announce the opening of the meeting, provided that where a majority of the shareholders representing the total issued shares fail to attend the meeting when the meeting should commence, the chairperson may announce that the meeting is postponed, provided that the meeting should be postponed no more than twice and the time of extension shall be no more than one hour in total. Where a majority of the said shares still fail to attend the meeting but one-third of the shareholders representing the total issued shares attend the meeting after the meeting has been postponed for twice, the provisional resolution may be made pursuant to Paragraph 1 of Article 175 of The Company Act.

Where the shares represented by the present shareholders have reached a majority of the total issued shares before the end of the meeting, the chairperson may re-submit the provisional resolution to the meeting for voting pursuant to Article 174 of the Company Act.
4. The agenda of the meeting shall be defined by the Board. The meeting shall be held in the order of the scheduled agenda. Without the resolution of the meeting, the agenda shall not be changed.

The chairperson may not announce to have the meeting adjourned without the resolution of the directors before the scheduled agenda (including motions) completed except for the routine query and reply of motion.

Shareholders may not have another chairperson elected to have the meeting continued at the same location or elsewhere once the meeting is adjourned. If chairperson has violated the conference rules and announced to have the meeting adjourned, another chairperson can be elected by attending shareholders with majority votes to keep the meeting in session.

The proposals for amendments or replacement with respect to the same proposal shall be voted in the order defined by the chairperson.

Where any of the proposals is approved, the other proposals shall be deemed overruled and it is not necessary to vote them.

Chairperson is to define the discussion and priority of the motion raised by shareholders.

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

- 4-1. The board of directors is to state in the agenda manual why the proposals that are proposed before the meeting are not enlisted in the agenda of directors' meeting and the record of agenda. If the proposals of shareholders that are to be enlisted in the agenda according to Article 4.2.3 of the Rules for Agenda are classified as the same type of proposals, Chairperson may have them consolidated for process according to Paragraph 5 of the preceding Article herein.
- 4-2. Shareholders who have a letter of proxy issued to legal person that is not a shareholder to attend the meeting on his
If the government or corporate shareholder has two representatives appointed to attend the meeting, or, the representative has attended the meeting as a proxy, only one representative is to speak at the meeting.
- 4-3. The chairperson of the shareholders' meeting shall be assumed by the Company's Chairman, if the meeting is called by the board of directors. Where the Chairman fails to exercise his authority for leave or other causes, the Vice Chairman shall be his proxy. Where the Vice Chairman also fails to exercise his authority for leave or other causes, the Chairman shall nominate a director to be his proxy. Where the Chairman fails to nominate any proxy, the proxy shall be elected among the directors.
Where the shareholders' meeting is called by any competent person other than the board of directors, the chairperson shall be assumed by the competent person. Where there are more than two competent persons, one of them shall be elected to be the chairperson.
5. It is necessary for shareholders to specify the gist of their statement, their attendance certificate numbers and names in the statement form before making statement in the meeting. The order in which the statement is made shall be subject to the chairperson's determination. The present shareholders who only submit the statement form instead of making statement verbally shall be deemed never making statement. In the event of any discrepancy in the contents of the statement and those specified in the form, the contents of statement shall prevail.
6. Shareholders may raise questions regarding the reports given at the end of the announcement by chairperson or by the designated personnel. Each speaker may not speak more than twice and five minutes each time unless it is with the consent of chairperson for one extension and five minutes maximum. The speech time and frequency of shareholders on the acceptance of resolution, each proposal, and motion is the same as the one in preceding paragraph.
The speech time and frequency of shareholders on the queries irrelevant to the proposals are the same as mentioned in the preceding paragraph.
- 6-1. After the present shareholders make statement, the chairperson may give response personally or designate the relevant personnel to give the response.
7. Where the statement exceeds the specific time limit or beyond the scope of proposals, the chairperson may suspend the shareholders from continuing making statement. Where the shareholders do not stop making statement, or try to interfere with the agenda, the chairperson may order the relevant personnel (or security guards) to maintain the order in the meeting or take necessary actions to help the procedure.
8. The chairman may announce the conclusion of discussion for proposals in a timely manner. If necessary, he may announce the suspension of discussion concluded or discussion may submit to voting per the chairperson's instruction.

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

9. Unless otherwise provided in the Company Act or the Articles of Incorporation of this Company, motions should be approved by more than half of the shareholders present. For directors election, Rules for Election of Directors apply.
Shareholders may exercise their voting rights in the written or electronic manner in shareholders' meetings. The manner of exercise is specified in the notice of shareholders' meeting.
Any shareholder that exercises voting rights in the written or electronic form is deemed to have attended the shareholders' meeting in person. However, the shareholder is deemed to have waived his/her right in relation to any motion or amendment to original proposal in such shareholders' meeting.
The resolutions shall be recorded in the minutes of meetings.
- 9-1. When the proposals are subject to voting, the chairperson shall designate certain scrutineers and ballot recorders to execute their job responsibility, provided that the scrutineers shall be shareholders. The voting of the various proposals shall be conducted in a manner other than recall. The result thereof shall be announced on site and recorded.
10. The votes that are determined by scrutinizers to have one of the following actions are voided:
 - (1) Fail to use the ballot appointed by the board of directors or chairperson;
 - (2) Deposit a blank ballot into the box;
 - (3) Broken or smeared ballot that cannot be identified;
 - (4) Altered ballot or ballot with marks or literature;
 - (5) Tick the boxes for and against at the same time;
 - (6) Ballot that does not convey the decision for or against clearly;
11. If shareholders raise an objection over the process of resolution, ballot counting, effective or void votes, the scrutinizers are to have the shareholder number, stock shares, and cause of dispute of the shareholders in dispute stated, signed, and sealed for filing and for record.
12. The chairperson may announce to take a rest at his sole discretion in the process of the meeting. Where it is impossible to continue proceeding with the meeting due to air-raid alarm or other causes, the meeting should be stopped immediately and the relevant personnel should be evacuated automatically.
The meeting should be continued after one hour upon the alarm or causes being lifted.
13. The procedure, agenda and resolution and other related matters shall be subject to the Rules. Any matters not provided herein shall be subject to the chairperson's sole discretion, unless they are provided in the Company Act, Securities and Exchange Act and the Company's articles of incorporation.
14. The Rules shall be enforced upon resolution of the shareholders' meeting. The same shall apply where they are amended.

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

(1) To Report 2021 Employee's Compensation and Director's Compensation

(2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

(1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)

(2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

(1) Amendments to the Company's "Articles of Incorporation"

(2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Appendix 2

Articles of Incorporation

Amended on June 19, 2020

Chapter I. General Articles

- Article 1. The Company is incorporated pursuant to the Company Act and named "TSRC Corporation"
- Article 2. The operation function of business includes the following:
1. manufacturing C801060 Synthetic rubber.
 2. manufacturing C804020 Industrial rubber products.
 3. manufacturing C804990 Other rubber products manufacturing.
 4. D101040 Ofunpublic power generation
 5. D401010 Energy supply.
 6. F401010 International trade.
 7. ZZ99999 Business not prohibited or restricted by laws, other than business under license.
- Article 2-1. The capital of the investment is free from the restriction of 40% of the Company's paid-in capital when the Company invests in a company, as a limited liability shareholder
- Article 2-2. The Company may grant guarantees for business or investment .
- Article 3. The Company is incorporated and registered in Kaohsiung City. The Company may establish domestic and overseas branches or factories which is constructed changed, and wind-up shall be resolved by the Board of Directors.
- Article 4. All announcement of the Company shall be in accordance with the Company Law.

Chapter II. Shares

- Article 5. The authorized capital of the Company is NT\$ 12 billion and is divided into 1,200,000,000 shares with NT\$ 10 per share. The Board of Directors is authorized to issue it by times when needed.
- It is not necessary to print stock certificates for the shares issued by the Company, or the stock certificates shall be printed altogether when new shares are issued, provided that they should be registered or kept by a central depository organization.
- Article 6. "Deleted"
- Article 7. The stocks of our company will not be printed physically in accordance with regulations and all shall be registered. The stocks shall be issued in accordance with The Company Act and other relevant regulations.
- Article 8. "Deleted"
- Article 9. When the shareholders of our company wish to handle stock-related matters, such as transfer stocks, establish right pledge, report missing, inherit, grant and report missing or change of seal or change address, etc., they shall handle them in accordance with "Regulations Governing the Administration of Shareholder Services of Public Companies" and relevant regulations.

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Article 10. Stock transfer and register actions shall be stopped within 60 days before annual shareholders' meetings and within 30 days before temporary shareholders' meetings as well as within 5 days before the record dates for distribution of dividend or other interests.

Article 11. "Deleted"

Chapter III. Shareholders' Meeting

Article 12. The shareholders' meeting includes annual meeting and extraordinary meeting. The annual meeting shall be held once a year and within six months after the end of fiscal year. The extraordinary meeting shall be held pursuant to laws. The annual shareholders' meeting shall be notified to the shareholders before 30 days, and in the case of the extraordinary shareholders' meeting, shall be notified before 15 days, provided that the meeting may be notified to the shareholders who hold less than 1,000 registered shares by public notice.

Article 13. The chairman of the annual shareholders' meeting is served by the chairman of the board. When the shareholders' meeting is convened by other convener other than the Board of Directors, the chairman of the shareholders' meeting is served by that convener. In case of two conveners, one shall be selected among them to serve as the chairman.

Article 14. The Company's shareholders shall, unless other law is regulated, have one voting right per share.

A representative is authorized by proxy of the shareholder may attend the shareholders' meeting, provided proxy of the Company printed which included scope of authorization.

Other than the trust business or stock brokers approved by the competent securities authority, any person who is a represented by more than two shareholders at the same time shall be entitled to not more than 3% of the votes of the issued shares, and the excessive votes shall not be calculated.

The proxy shall be delivered to the Company 5 days prior to the meeting. Where it is repeated, the one served first shall be effective. However, this is not applicable if a declaration to withdraw a prior proxy is made.

If the shareholder wishes to attend the shareholders' meeting in person or if the shareholder wishes to exercise the voting rights in the written or electronic manner after the proxy is delivered to the Company, a written notice to withdraw the proxy shall be given to the Company 2 days before the shareholders' meeting. If the withdraw is given after this deadline, the voting right exercised by the proxy attending the meeting shall prevail.

Article 15. Unless otherwise provided for in laws and the Company's articles of incorporation, the quorum for a shareholders' meeting shall be no less than the half of the total issued shares and resolution of the shareholders' meeting shall be passed no less than half of votes of the present shareholders.

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Chapter IV. Directors

Article 16. The Company establishes 5 to 9 directors. The Board of Directors is authorized to establish the actual number of selected people. Directors are people with legal capacities chosen from the shareholders' meeting. Total shareholding ratio of all directors will be in accordance with the regulations of security management agencies. Directors of the Company shall be elected by the shareholders from a list of candidates of directors based on the candidate nomination system under Article 192-1 of the Company Act.

Article 16-1. The Board of Directors establishes 3 independent directors in the particular number of directors set forth in the previous Article. Independent directors and the non-independent directors shall be elected at the same time but calculate the particular elected numbers separately. Professional qualifications, shareholding and concurrency limitations, recognition of independency, nomination and election method, duties performed and other compliance matters regarding the independent directors shall be handled in accordance with Securities and Exchange Act and relevant regulations.

Article 16-2. The Company has formed the Audit Committee consisting of all independent directors in accordance with the applicable law. The power exercised by the Audit Committee and its members in accordance with the Securities and Exchange Act and other applicable laws.

Article 17. The duration of the directors is three years and the directors are eligible for re-election.

Article 18. Directors shall select one director among themselves as the chairman of the board who will represent the Company externally. In addition, directors shall also select one director among themselves as the vice chairman of the board. If the chairman is absent or cannot perform his/her duties due to some reasons, the vice chairman shall act on his/her behalf; if there are no vice chairman or the vice chairman is absent or cannot perform his/her duties due to some reasons, the chairman shall assign a person to act on his/her behalf; in case of the chairman did not assign a proxy, then the directors shall select one director as the acting among themselves.

Article 19. The Board of Directors decides the business strategies of the Company and other important matters unless The Company Act or Article of Incorporation regulated be resolved with shareholders' meeting. Board meetings are convened by the chairman, who shall also serve as the chairman of the meeting. If a director cannot be present at the board meeting due to some reasons, then he/she can appoint one of the other directors to act on his/her behalf. The proxy mentioned in previous paragraph is limited to one appointed person. The notice for convening board meetings can be send in written form, fax or email.

Article 20. Unless otherwise specified, resolution of the Board shall be carried out under the agreement of more than half of the present directors with more than half of the directors being present in the meeting.

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Article 21. "Deleted"

Article 22. "Deleted"

Article 23. The board of directors is authorized to determine the remuneration for the Company's directors based on the level of participation and the contribution by the directors and in reference to the standard of the same industry.

Article 24. "Deleted"

Article 24-1. In order to well found the supervisory function and strength the management mechanism, the board of directors may establish the various functional committees. The regulations governing the exercise of functional commissions shall be defined by the board of directors.

Article 24-2. The Company shall purchase the liability insurance for directors with respect to the indemnity to be borne by them in the scope of business to be executed by them during their term of office.

Chapter V. Managers

Article 25. The Company shall have several managers. Their appointment and dismissal shall be handled in accordance with Article 29 of The Company Act.

The managers mentioned in the previous paragraph are entitled to sign on behalf of the Company in accordance with the authorized scope in the relevant regulations.

Article 26. "Deleted"

Article 27. In accordance with instruction of the Chairman and resolution of the Board, the Manager shall handle affairs of the Company within the scope of his or her own duties.

Chapter VI. Accounting

Article 28. The fiscal year of our company is from Jan. 1 to Dec. 31 each year. The Board of Directors shall make all kinds of reports in accordance with Article 228 of The Company Act by the end of each fiscal year and propose to the shareholders' meeting by legal procedure for Ratification..

Article 28-1. The Company shall appropriate at least 1% of its earnings, if applicable, as compensation to the employees and not more than 1% as remuneration to the directors.

The aforementioned and the regulation governing the remuneration to the directors and the compensation to employees shall be implemented as resolved by the Board.

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Article 29. The industries run by our company have reached an increasingly mature and stable stage. At present, it is actively moving towards globalization and diversification. In order to cooperate with the Company's long-term planning and strive for sustainable growth of the Company, the Company has formulated the following dividend policy: When allocating the earnings for each fiscal year, the Company may, after offsetting losses from previous years, and paying taxes, and set 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, shall be proposed by the Board and resolved at the 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 resolutions where more than half of the directors, and report to the shareholders' meeting. For the distribution based on the above of paragraph, the cash dividend shall not be less than 20% of the total distribution.

Article 30. "Deleted"

Article 31. The Company may, in accordance with Article 241 of The Company Act, distribute part or all of its statutory surplus reserve and capital reserve as new shares or in cash in proportion to the original share capital held by a shareholder, by resolution at the Shareholders' General Meeting. In the case of cash, it shall be distributed after a resolution has been passed by more than half of directors at a meeting when attended by two-thirds of directors; in addition, the report of such distribution shall be submitted to the Shareholders' Meeting.

Article 32. When the legal earned surplus has reached paid-in capital, then allocation shall be stopped with the resolution in the shareholders' meeting.

Chapter VII. Supplementary Provisions

Article 33. "Deleted"

Article 34. Any matters not provided in these Articles of incorporation shall be subject to the Company Act and the relevant laws.

[Home page](#)

[Table of Contents](#)

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Article 35. These Articles of incorporation were concluded on July 27, 1973. 1st amendments thereof was made on June 25, 1974, 2nd amendments thereof on April 23, 1975, 3rd amendments on February 17, 1976, 4th amendments thereof on June 30, 1976, 5th amendments thereof on April 26, 1977, 6th amendments thereof on June 20, 1979, 7th amendments thereof on May 23, 1980, 8th amendments thereof on May 11 1981, 9th amendments thereof on November 25, 1981, 10th amendments thereof on May 24, 1983, 11th amendments thereof on May 23, 1984, 12th amendments thereof on April 26, 1985, 13th amendments thereof on April 29, 1986, 14th amendments thereof on April 29, 1987, 15th amendments thereof on May 10, 1988, 16th amendments thereof on May 12, 1989, 17th amendments thereof on April 12, 1990, 18th amendments thereof on April 24, 1991, 19th amendments thereof on May 14, 1992, 20th amendments thereof on May 20, 1993, 21st amendments thereof on June 27, 1995, 22nd amendments thereof on June 16, 1996, 23rd amendments thereof on May 24, 1997, 24th amendments thereof on May 26, 1998, 25th amendments on May 29, 1999, 26th amendments thereof on May 27, 1990, 27th amendments thereof on June 20, 2002, 28th amendments thereof on May 30, 2003, 29th amendments thereof on May 31, 2005, 30th amendments thereof on June 13, 2008, 31st amendments thereof on June 10, 2011, 32nd amendments thereof on June 6, 2012, 33rd amendments thereof on June 11, 2014, 34th amendments thereof on June 10, 2015 and 35th amendments thereof on June 24, 2016, the 36th amendment was made on June 21, 2018. 37th amendment is made on June 6th, 2019, 38th amendment is made on June 19th, 2020.

Home page

Table of Contents

I. Meeting Procedure

1. Call the Meeting to Order

2. Addresses by Chairman

3. Matter to be Reported

- (1) To Report 2021 Employee's Compensation and Director's Compensation
- (2) To Report the Distribution of 2021 Cash Dividend

4. Matter to be Ratified

- (1) To Ratify 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)
- (2) To Ratify 2021 Earnings Distribution

5. Matter to be Discussed

- (1) Amendments to the Company's "Articles of Incorporation"
- (2) Amendments to the Company's "Procedures for Acquisition and Disposal of Assets"

6. Other Business and Motions

7. Adjournment

II. Attachment

1. Business Report, Financial Statement and Audit Committee's Audit Report for 2021

2. Comparison Table for Amendment of "Article of Incorporation"

3. Comparison Table for Amendment of "Procedures for Acquisition and Disposal of Assets"

III. Appendix

1. Rules and Procedures of Shareholders' Meeting

2. Articles of Incorporation

3. Disclosure of Directors' Shareholdings

Appendix 3

Disclosure of Directors' Shareholdings

April 19, 2022

| Job title | Name | Stockholders No . | Shares held |
|-------------------------------------|---|-------------------|-------------|
| Chairman | Wei Dar Development Co., Ltd. Representative: Nita Ing | 17471 | 53,708,923 |
| Director | Wei Dar Development Co., Ltd. Representative: Jing-Lung Huang | | |
| Director | Han-De Construction Co., Ltd. Representative: Chin-Shan Chiang | 147214 | 63,093,108 |
| Director | Han-De Construction Co., Ltd. Representative: John T. Yu | | |
| Independent Director | Robert Hung | | 0 |
| Independent Director | Sean Chao | | 0 |
| Independent Director | Rex Yang | | 0 |
| Shareholdings of Directors subtotal | | | 116,802,031 |
| Minimum shareholdings of Directors | | | 26,422,719 |

Remark: Up until April 19, 2022, share capital on book closure date, there are 825,709,978 shares.