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TSRC CORPORATION

2022 Annual Report

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Other disclosures

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

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

Letter to the Shareholders

Letter to the Shareholders

TSRC delivered stable operating and financial performance amidst a turbulent 2022 by leveraging portfolio strength, business resilience, and proactive pricing actions to mitigate the negative impacts from weakened global demand and inflationary pressure. In 2022, the sales volume was 521,000 metric tons, a decrease of 4% versus 2021. Consolidated revenue was NTD 33,841 million, an increase of 4% compared to NTD 32,533 million in 2021. Gross profit decreased 19% to NTD 5,513 million and gross margin was 16%. Operating profit was NTD 2,675 million, a decrease of 32% from 2021, and operating profit margin was 8%. As a result, TSRC delivered net income of NTD 1,783 million with an EPS (earnings per share) of NTD 2.16 in 2022 and achieved its annual business objectives and budget plan.

The integration of ESG objectives in business operation is beyond the fulfilment of corporate social responsibility – it is to ensure enterprise sustainability for a company in the petrochemical industry. In addition to the existing product offerings, TSRC continues to invest in green product innovation in support of new business growth and assist consumers to achieve their ESG targets through better energy efficiency, low-carbon application products, and enhanced material recycling. The development of TPE for medical applications and SSBR for green tires are examples of how technology innovation can reduce the overall impacts to the environment. TSRC is dedicated to technology innovation and was granted 10 patents in 2022.

Global economic growth and political situation remain volatile and uncertain in 2023 due to geopolitical tension, US-China competition, and inflationary pressure, with the International Monetary Fund (IMF) recently downgraded its 2023 global economic growth forecast to 2.7%. TSRC remains focus on operational resilience and customer collaboration while continuing to progress key projects including Shenhua relocation and the 2030 ESG objectives to strengthen competitiveness in the upcoming low-carbon economy.

2023 marks TSRC’s 50th anniversary. Remaining true to TSRC’s mission of value creation, technology innovation, and supply reliability, TSRC strives to be an essential partner to the customers by offering valuable solutions and create stable earnings growth for shareholders whose unwavering support is greatly appreciated. TSRC is determined to work towards delivering positive business growth and impact in the next 50 years.

Chairman: Nita Ing

Company profile

I. Date of incorporation

July 27, 1973

II. Company history

2020's High-Value Transformation and Sustainable Operation

- Establishment of the Global R&D Center in Texas, the U.S.A.
- Relocation and plant expansion of Shen Hua Chemical and ARLANXEO-TSRC

2010's Globalization

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

2000's Expansion of Production Lines

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

1990's Rapid Regional Expansion

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

1980's Early Growing Stage

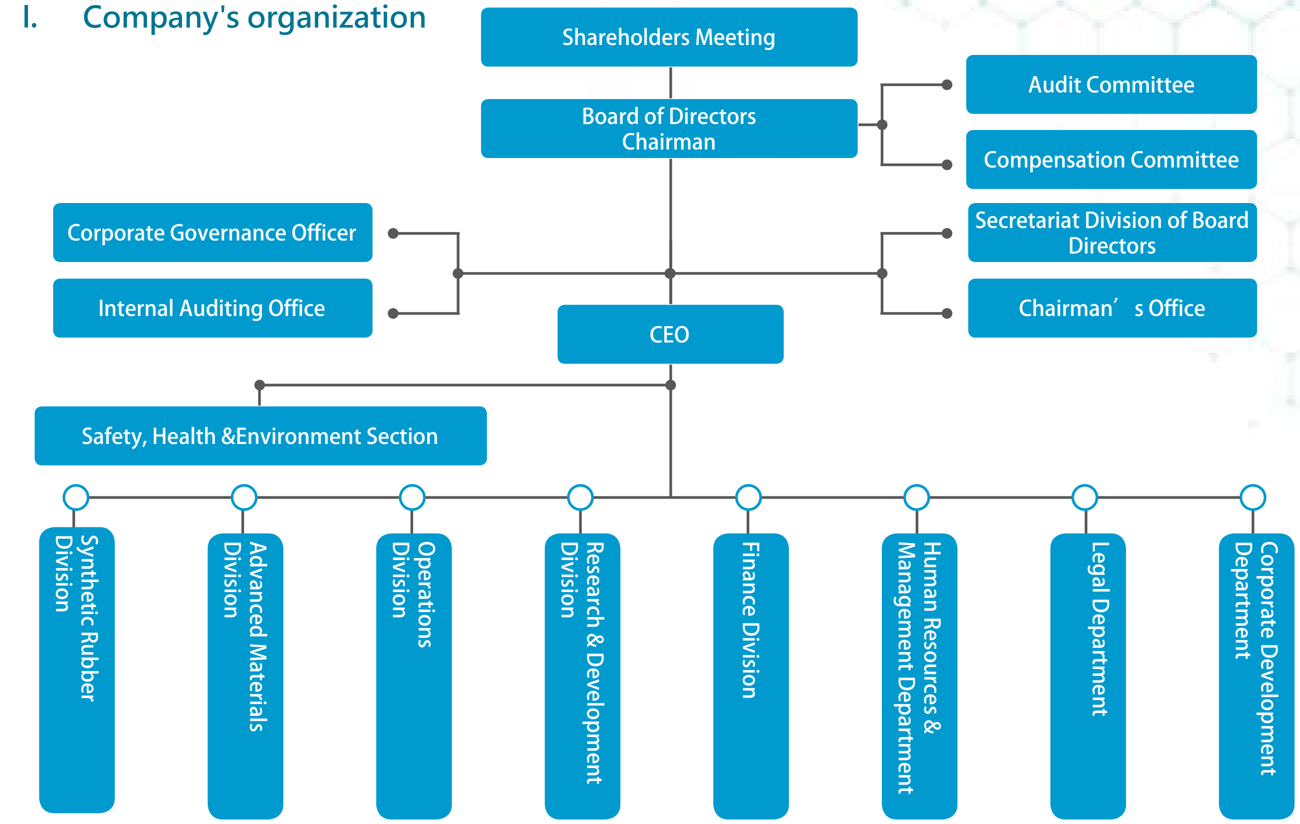
- Established a BR plant with an annual output of 40 thousand metric tons.
- Relocated the Philips SBS Plant from Texas, USA to Kaohsiung.

1970's Beginning

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

Corporate governance report

I. Company's organization



Tasks of principal divisions/departments/business

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

II. Information on Board of Directors and major managers

<1> Information on Board of Directors (1)

Job title	Nationality or Place of registration	Name	Gender/ Age	Date of elected	Term of contract	Date of first elected	Shares held when elected		Shares currently held		Shares currently held by their spouses and children of minor age	
							Share(s)	%	Share(s)	%	Share(s)	%
Chairman	Republic of China	Wei-Dar Development Corporation Representative: Nita Ing	Female 61 ~ 70	August 4, 2021	3	July 27, 1985	53,708,923 0	6.50 -	53,708,923 0	6.50 -	0	-
Director	Republic of China	Wei-Dar Development Corporation Representative: John Huang	Male 61 ~ 70	August 4, 2021	3	June 21, 2018	53,708,923 0	6.50 -	53,708,923 0	6.50 -	0	-
Director	Republic of China	Han-De Construction Co., Ltd. Representative: Chin-Shan Chiang	Male 61 ~ 70	August 4, 2021	3	June 06, 2012	63,093,108 762	7.64 -	63,093,108 762	7.64 -	0	-
Director	Republic of China	Han-De Construction Co., Ltd. Representative: John T. Yu	Male 71 ~ 75	August 4, 2021	3	June 10, 2015	63,093,108 0	7.64 -	63,093,108 0	7.64 -	0	-
Independent Director	Republic of China	Robert Hung	Male 71 ~ 75	August 4, 2021	3	June 06, 2012	0	-	0	-	0	-
Independent Director	Republic of China	Sean Chao	Male 61 ~ 70	August 4, 2021	3	June 21, 2018	0	-	0	-	0	-
Independent Director	Republic of China	Rex Yang	Male 61 ~ 70	August 4, 2021	3	June 21, 2018	0	-	0	-	0	-

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

Major shareholders of institutional shareholders

December 31, 2022

Institutional shareholders	Major institutional shareholders
Han-De Construction Co., Ltd.	MaoShi Corporation (99.37%), Wei-Dar Development Co., Ltd. Corporation(0.43%), Kayvan Corp. (0.20%)
Wei-Dar Development Co., Ltd.	MaoShi Corporation (99.59%), MaoShi Corporation (99.37%), Han-De Construction Co., Ltd.(0.21%), Kayvan Corp. (0.20%)

December 31, 2022

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

Major shareholders of institutional shareholders

December 31, 2022

Institutional shareholders	Major institutional shareholders
MaoShi Corporation	Jade Fortune Enterprises Inc.(99.99%), La Mer Corporation(0.01%)

Disclosure of Directors’ Professional Qualification and the Independent Status of Independent Directors

Condition / Name	Professional Qualification and Experience	Independent Status	Number of Public Companies in which the Director is Concurrently An Independent Director
Chairman Nita Ing	· The Director possesses professional backgrounds related to business, finance, investment holding, and construction, and over 30 years of experiences in business management; currently, the Director is also the chairman of Continental Holdings Corporation and the chairman of Hao Ran Foundation; she was previously the chairman of Continental Engineering Company and Taiwan High Speed Rail Corporation. · There is no circumstance stated in Article 30 of the Company Act.	· The Director, its spouse, or any relative of 2nd degree of relationship is not an employee of the Company of its affiliates. · The Director, its spouse, or minor child(or in other’s name) is not a natural person shareholder who hold 1% of the total issued shares of the Company or above or has the top 10 shareholding. · The Director is not a director, supervisor, managerial officer, or shareholder with 5% of shareholding or above of particular companies or institutions possessing financial or business dealings with the Company. · The Director has not obtained compensation for the provision of business, legal, financial, or accounting services to the Company or its affiliate in the most recent two years. · The Director is not a spouse or a relative of the 2nd degree of relationship with any other directors.	No
Director John Huang	· The Director possesses professional backgrounds related to business, finance, and accounting, and over 20 years of experiences in financial and corporate operation audit; currently, the Director is also the director of Continental Holdings Corporation; he was previously the comptroller of Taiwan High Speed Rail Corporation, president of Suzhou Standard Food Corporation, and the comptroller of Philips Taiwan Affiliates. · There is no circumstance stated in Article 30 of the Company Act.	· The Director, its spouse, or any relative of 2nd degree of relationship is not an employee of the Company of its affiliates. · The Director, its spouse, or minor child(or in other’s name) is not a natural person shareholder who hold 1% of the total issued shares of the Company or above or has the top 10 shareholding. · The Director is not a director, supervisor, managerial officer, or shareholder with 5% of shareholding or above of particular companies or institutions possessing financial or business dealings with the Company. · The Director has not obtained compensation for the provision of business, legal, financial, or accounting services to the Company or its affiliate in the most recent two years. · The Director is not a spouse or a relative of the 2nd degree of relationship with any other directors.	No
Director Chin-Shan Chiang	· The Director possesses professional backgrounds related to business, finance, and public relations, and over 20 years of experiences in public affairs, strategical marketing, and management; currently, the Director is also the director of Hao Ran Foundation and the chairman of Metropolis Property Management Corporation; he was previously the director of Taiwan High Speed Rail Corporation, and used to provide services as the management of financial institutions. · There is no circumstance stated in Article 30 of the Company Act.	· The Director, its spouse, or any relative of 2nd degree of relationship is not an employee of the Company of its affiliates. · The Director, its spouse, or minor child(or in other’s name) is not a natural person shareholder who hold 1% of the total issued shares of the Company or above or has the top 10 shareholding. · The Director is not a director, supervisor, or employee of other companies with more than half of Directors or number of shares with voting rights being controlled by the same person. · The Director is not a director, supervisor, managerial officer, or shareholder with 5% of shareholding or above of particular companies or institutions possessing financial or business dealings with the Company. · The Director has not obtained compensation for the provision of business, legal, financial, or accounting services to the Company or its affiliate in the most recent two years. · The Director is not a spouse or a relative of the 2nd degree of relationship with any other directors.	No
Director John T. Yu	· The Director possesses professional backgrounds related to business and electrical engineering, and over 30 years of experiences in engineering design, construction, and management; due to his outstanding business management performances, he received the highest honor of “Technology Management Award” from the Chinese Society for Management Of Technology; currently, the Director is also the president of CTCI Corporation, director of CTCI Corporation, and director of multiple investees of CTCI; he is the key figure who leads CTCI Group to the international stage. · There is no circumstance stated in Article 30 of the Company Act.	· The Independent Director, its spouse, or any relative of 2nd degree of relationship is not a director, supervisor, or employee of the Company of its affiliates. · The Director, its spouse, or minor child(or in other’s name) is not a natural person shareholder who hold 1% of the total issued shares of the Company or above or has the top 10 shareholding. · The Director is not a director, supervisor, or employee of other companies with more than half of Directors or number of shares with voting rights being controlled by the same person. · The Director is not a director, supervisor, managerial officer, or shareholder with 5% of shareholding or above of particular companies or institutions possessing financial or business dealings with the Company. · The Director has not obtained compensation for the provision of business, legal, financial, or accounting services to the Company or its affiliate in the most recent two years. · The Director is not a spouse or a relative of the 2nd degree of relationship with any other directors.	No
Independent Director Robert Hung	· The Independent Director possesses professional backgrounds related to business and finance, and over 30 years of extensive experiences in finance and economics; he possesses in-depth understanding regarding relevant industrial trends and the development of international finance and economics; he was previously the independent director of Wistron NeWeb Corporation, assistant GM of Bank of America Corporation, chairman of Young Green Energy Corporation, and CFO of Taiwan High Speed Rail Corporation. · There is no circumstance stated in Article 30 of the Company Act.	· The Independent Director complies with the independence stated in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. · No government, corporate, or its representative stated in Article 27 of the Company Act was elected. · The Independent Director, its spouse, or any relative of 2nd degree of relationship is not a director, supervisor, or employee of the Company of its affiliates. · The Independent Director, its spouse, or any relative of 2nddegree of relationship is not a director, supervisor, or employee of any affiliate or companies having particular relationships with the Company. · The Independent Director, its spouse, or any relative of 2nd degree of relationship does not hold any share of the Company. · The Independent Director has not obtained compensation for the provision of business, legal, financial, or accounting services to the Company or its affiliate in the most recent two years. · The Independent Director is not a spouse or a relative of 2nd degree of relationship of any other Directors.	No
Independent Director Sean Chao	· The Independent Director possesses professional backgrounds related to business and finance, and over 20 years of experiences; he is familiar with professional fields ranging from investment banking, asset management, and private banking; he currently is also the independent director of HannStar Display Corporation and NAFCO, he was previously the CEO of Morgan Stanley Taiwan, president of UBS Group in Taiwan, and chairman of UBS Fund in Taiwan. · There is no circumstance stated in Article 30 of the Company Act.	· The Independent Director complies with the independence stated in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. · No government, corporate, or its representative stated in Article 27 of the Company Act was elected. · The Independent Director, its spouse, or any relative of 2nd degree of relationship is not a director, supervisor, or employee of the Company of its affiliates. · The Independent Director, its spouse, or any relative of 2nd degree of relationship is not a director, supervisor, or employee of any affiliate or companies having particular relationships with the Company. · The Independent Director, its spouse, or any relative of 2nd degree of relationship does not hold any share of the Company. · The Independent Director has not obtained compensation for the provision of business, legal, financial, or accounting services to the Company or its affiliate in the most recent two years. · The Independent Director is not a spouse or a relative of 2nd degree of relationship of any other Directors.	2

Condition / Name	Professional Qualification and Experience	Independent Status	Number of Public Companies in which the Director is Concurrently An Independent Director
Independent Director Rex Yang	· The Independent Director possesses professional backgrounds related to business and finance, and over 20 years of experiences in finance and management; he was previously the CFO of Continental Holdings Corporation, CFO of Yageo Corporation, and chairman of TEAPO Electronic Corporation. · There is no circumstance stated in Article 30 of the Company Act.	· The Independent Director complies with the independence stated in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. · No government, corporate, or its representative stated in Article 27 of the Company Act was elected. · The Independent Director, its spouse, or any relative of 2nd degree of relationship is not a director, supervisor, or employee of the Company of its affiliates. · The Independent Director, its spouse, or any relative of 2nd degree of relationship is not a director, supervisor, or employee of any affiliate or companies having particular relationships with the Company. · The Independent Director, its spouse, or any relative of 2nd degree of relationship does not hold any share of the Company. · The Independent Director has not obtained compensation for the provision of business, legal, financial, or accounting services to the Company or its affiliate in the most recent two years. · The Independent Director is not a spouse or a relative of 2nd degree of relationship of any other Directors.	No

Board Diversity

The Company introduces the idea of diversity in its "Corporate Governance Best Practice Principles." Members of the Board shall possess knowledge, experiences, and abilities required for the execution of their duties; furthermore, the composition of the Board shall possess diversity and comply with laws and regulations, with reference to the characteristic, operations, market, and future development requirements of the Company. The Board shall, in general, possess the abilities of making business judgments, accounting and financial analysis, business management, emergency management, as well as industrial knowledge, and leadership, decision-making capacity, and international vision required for cross-nation operations.

The Board of the Company comprises seven Directors, including one female Director (accounting for 14%) and three Independent Directors (accounting for 43%);two of the Independent Directors have been re-appointed for two sessions, and one of the Independent Directors have been re-appointed for three sessions; however, as the Independent Director possesses extensive financial backgrounds and industrial experiences that are significantly beneficial for the future business development of the Company. In addition, there is no Director who is concurrently a managerial officer of the Company.

Members of the Board are from different fields of expertise, used to be the senior management in international enterprises, and possess knowledge, skills, leadership and decision-making capacity, and international market vision; abilities of members of the Board, in general, comply with the diversity policy and the requirements of the Company' s future business development; relevant implementation status is as follows:

Diversity Item / Name	Term of Office as An Independent Director		Professional Background	Industrial Experiences and Abilities									
	4~6 Years	10 ~ 12 Years		Legal Compliance	Finance	Business	Engineering and Construction	Operational Judgment	Financial Analysis	Business Management	Emergency Management	Leadership and Decision - making	International Market Vision
Chairman Nita Ing	-	-	Economics	-	-	√	√	√	√	√	√	√	√
Director John Huang	-	-	Accounting	√	-	√	-	√	√	√	√	√	√
Director Chin-Shan Chiang	-	-	Public Administration	√	-	√	-	√	√	√	√	√	√
Director John T. Yu	-	-	Business Management	-	-	√	√	√	√	√	√	√	√
Independent Director Robert Hung	-	√	Economics	-	√	√	-	√	√	√	√	√	√
Independent Director Sean Chao	√	-	Business Management	-	√	√	-	√	√	√	√	√	√
Independent Director Rex Yang	√	-	Business Management	-	-	√	-	√	√	√	√	√	√

Independence of the Board

The Board comprises seven Directors, including three Independent Directors (accounting for 43%); the Directors are not the employees of the Company or its affiliates, and no Director is a spouse or a relative of the 2nd degree relationship with another Director; there is no circumstance stated in paragraphs 3 and 4, Article 26-3 of the Securities Exchange Act; the Board, in general, is independent.

<2> Information on presidents

Job title	Nationality	Name	Gender	Date of elected	Shares currently held		Shares currently held by their spouses and children of minor age		Shares held through nominees	
					Share(s)	%	Share(s)	%	Share(s)	%
CEO	Singapore	Joseph Chai	Male	November 01, 2015	0	-	0	-	65,000	-
Sr. Vice President Advanced Materials Division	Canada	Wing-Keung Hendrick Lam	Male	July 16, 2004	0	-	0	-	0	-
Vice President Finance Division	Republic of China	Edward Wang	Male	June 01, 2016	0	-	0	-	0	-
Vice President Research & Development Division	USA	Qiwei Lu	Male	April 01, 2016	0	-	0	-	0	-
Vice President Synthetic Rubber Division	Republic of China	Kevin Liu	Male	June 01, 2016	0	-	0	-	0	-
Vice President Operations Division	Republic of China	Chi-Wei Hsu	Male	January 01, 2020	0	-	0	-	0	-
Human Resources &Management Department Vice President	Republic of China	De-Bei Wang	Female	January 01, 2021	0	-	0	-	0	-
Corporate Governance Officer	Republic of China	Chao-Cheng Tsai	Male	March 12, 2021	0	-	0	-	0	-

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

December 31, 2022

Principal work experience and Academic qualification	Position(s) currently held in the Company and/or in any other Company	Other officers, directors or supervisors who are their spouses or relatives of 2nd degree of relationship			Note (Note)
		Position	Name	Relationship	
MBA, Case Western Reserve University USA Lubrizol Corporation Deputy Vice President of Asia Pacific	Directors of Polybus Corporation. Pte Ltd., TSRC (Hong Kong) Limited, Trimurti Holding Corporation., Hardison International Corporation., Dymas Corporation., Triton International Holdings Corporation.	No	No	No	No
Shau Kei Wan Industrial School, Hong Kong Financial Officers of Pacific Industrial Co., Ltd., Assistant Vice President of First Pacific Co. Ltd.	Chairman of TSRC(Nantong) Industrial Ltd. and TSRC(Shanghai) Industrial Ltd., TSRC(Vietnam)Co., Ltd.; Directors of TSRC (USA) Investment Corporation. ,TSRC Specialty Materials LLC. ,Trimurti Holding Corporation. ,Hardison International Corporation. ,TSRC (Hong Kong) Limited. ,Dymas Corporation. ,Polybus Corporation Pte Ltd.. ,TSRC (Lux.) Corporation S.à r.l. ,Asia Pacific Energy Development Company Limited. ；President ofTSRC(USA) Investment Corporation	No	No	No	No
Master of Business, Administration, Tunghai University Chief Financial Officer, HTC	Directors of Shen Hua Chemical Industrial Ltd. ,Polybus Corporation Pte Ltd. ,Trimurti Holding Corporation . ,Triton International Holdings Corporation. ,TSRC (Hong Kong) Limited. ,TSRC (USA) Investment Corporation. ,TSRC Specialty Materials LLC . ,TSRC (Lux.) Corporation S.à r.l. ,Indian Synthetic Rubber Private Limited . ,Asia Pacific Energy Development Company Limited ；Supervisors of TSRC(Nantong) Industrial Ltd. , TSRC (Shanghai) Industrial Ltd. , ARLANXEO- TSRC(Nantong) Chemical Industrial Co. , Ltd.,TSRC (Vietnam) Co., Ltd.	No	No	No	No
Doctor in Material Science and Engineering, University of Minnesota Global Strategic Technology Officer, Lubrizol	None	No	No	No	No
MSA, Cambridge College, USA Manager, Sales and Marketing, Department, Asst. Vice President Rubber Business Unit, TSRC. Spokesperson and Assistant Vice President, Sales Department, China Synthetic Rubber Corp.,	Chairman of Shen Hua Chemical Industrial Ltd. ,TSRC-UBE (Nantong) Chemical Industrial Co. Ltd., ; Director of Indian Synthetic Rubber Private Ltd. ,Thai Synthetic Rubbers Co., Ltd. , Shen Hua Chemical Industrial Ltd. ,ARLANXEO- TSRC(Nantong) Chemical Industrial Co., Ltd. ,Thai Synthetic Rubbers Co., Ltd. ,Nantong Qix Storage Co., Ltd.	No	No	No	No
Department of Chemical Engineering, National Taiwan University of Science and Technology Asia Operations Director, Elementis Group Plant Manager, Deuchem Co., Ltd.	Directors of Shen Hua Chemical Industrial Ltd. ,TSRC(Nantong) Industrial Ltd. ,TSRC (USA) Investment Corporation ,TSRC (Lux.) Corporation S.à r.l., TSRC (Vietnam) Co., Ltd	No	No	No	No
EMBA, National Taiwan University Chief of human resources of Sandleford Limited (Ireland) in Asia and manager of human resources of Corning Display Technologies Taiwan Co, Ltd.	None	No	No	No	No
Bachelor of Law, National Taiwan University Chief of legal affairs of Glaxosmithkline Far East B.V., Taiwan Branch (Netherlands), senior lawyer of Eiger Law, deputy director of Mediatek Inc., legal affair manager of Mosel Vitelic Inc., reorganizer of Chinese Automobile Company, and partner of WTW-Taipei Commercial Law Firm ,Practising lawyer in the Republic of China .	Corporate governance officer of Continental Holdings Corporation	No	No	No	No

III. The remuneration of Directors and major managers

<1> Directors' remuneration

Job title	Name	Directors remuneration(Note)							
		Base compensation (A)		Severance pay and pensions (B)		Remuneration to directors (C)		Business execution expenses(D)	
		The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report
Chairman	Wei-Dar Development Co.,Ltd. Representative:Nita Ing	9,150	9,150	0	0	6,775	6,775	0	0
Director	Wei-Dar Development Co.,Ltd. Representative:John Huang								
Director	Han-De Construction Co., Ltd. Representative: Chin-Shan Chiang								
Director	Han-De Construction Co., Ltd. Representative:John T. Yu								
Independent Director	Robert Hung	6,750	6,750	0	0	5,082	5,082	1,000	1,000
Independent Director	Sean Chao								
Independent Director	Rex Yang								

Note :
According to the Company’ s Articles of Incorporation, the Board is authorized to determine the remuneration of the Directors by taking into account their participation in the Company’ s business and their contribution value, and with reference to industry standards. If there is profit for the year, the Company should contribute more than 1% of its profit as compensations of employees and less than 1% as remunerations of Directors. the Compensation Committee shall regularly review the remuneration policies, procedures, standards, and packages for the Director’ s remuneration. Directors’ remuneration is fixed payment.
Independent Directors of the Company are members of the Audit Committee and Compensation Committee; apart from the duties assumed by Independent Directors, the level of participation, the number of meetings each year, and extra time invested are also considered for the payment of remunerations; therefore, their remuneration may be higher than general Directors.

Unit: thousand NTD

Percentage of the total of A, B, C and D accounting for income after tax		Relevant remuneration received by directors who are also employees								Percentage of total of A, B, C, D, E, F and G accounting for income after tax		Compensation paid to directors from non-consolidated affiliates
		Salary, bonus and special allowance(E)		Severance pay and pensions (F)		Employees' earnings (G)						
						The Company		Companies in Financial Report				
The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report	Cash	Stock	Cash	Stock	The Company	Companies in Financial Report	
15,925 /0.89	15,925 /0.89	0	0	0	0	0	0	0	0	15,925 /0.89	15,925 /0.89	0
12,832 /0.72	12,832 /0.72	0	0	0	0	0	0	0	0	12,832 /0.72	12,832 /0.72	0

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

<2> Presidents' and vice presidents' remuneration

Unit: thousand NTD

Job title	Name	Salary(A)		Severance pay and pensions (B)		Bonus and special allowance(C)		Employees' compensation amount (D)				Percentage of the total of A, B, C and D accounting for income after tax (%)		Compensation paid to directors from non-consolidated affiliates
		The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company	Companies in Financial Report	The Company		Companies in Financial Report		The Company	Companies in Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO	Joseph Chai (Note)	46,191	46,191	0	0	36,026	36,026	8,941	0	8,941	0	91,158 / 5.11	91,158 / 5.11	0
Sr. Vice President	Wing-Keung Hendrick Lam													
Vice President	Edward Wang													
Vice President	Qiwei Lu													
Vice President	Kevin Liu													
Vice President	Chi-Wei Hsu													
Vice President	De-Bei Wang													
Corporate Governance Officer	Chao-Cheng Tsai													

Note : One leased vehicle and one driver assigned to the CEO. The yearly rent for the leased vehicle is NTD 469 thousand and the remuneration paid to the driver is NTD 621 thousand and rental housing costs NTD 2,666 thousand.

Remuneration paid to the president and vice presidents	Name of president and vice presidents	
	The Company	Companies in Financial Report
1,000,000 below	-	-
1,000,000 (inclusive of 1,000,000)-2,000,000(does not contain 2,000,000)	Chao-Cheng Tsai	Chao-Cheng Tsai
2,000,000 (inclusive of 2,000,000)-3,500,000(does not contain 3,500,000)	-	-
3,5,000,000 (inclusive of 3,500,000)-5,000,000(does not contain 5,000,000)	-	-
5,000,000 (inclusive of 5,000,000)-10,000,000(does not contain 10,000,000)	Edward Wang、Qiwei Lu 、 Kevin Liu、Chi-Wei Hsu、De-Bei Wang	Edward Wang、Qiwei Lu 、 Kevin Liu、Chi-Wei Hsu、De-Bei Wang
10,000,000 (inclusive of 10,000,000)-15,000,000(does not contain 15,000,000)	Wing-Keung Hendrick Lam	Wing-Keung Hendrick Lam
15,000,000 (inclusive of 15,000,000)-30,000,000(does not contain 30,000,000)	-	-
30,000,000 (inclusive of 30,000,000)-50,000,000(does not contain 50,000,000)	Joseph Chai	Joseph Chai
50,000,000 (inclusive of 50,000,000)-100,000,000(does not contain 100,000,000)	-	-
100,000,000 above	-	-

<3> Bonus paid to management team and allocation

December 31, 2022

	Job title	Name	Stock	Cash (NTD in thousands)	Total (NTD in thousands)	Percentage of the total income after tax (%)
Managers	CEO	Joseph Chai	0	8,941	8,941	0.50
	Sr. Vice President	Wing-Keung Hendrick Lam				
	Vice President	Edward Wang				
	Vice President	Qiwei Lu				
	Vice President	Kevin Liu				
	Vice President	Chi-Wei Hsu				
	Vice President	De-Bei Wang				
	Corporate Governance Officer	Chao-Cheng Tsai				

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

1. Remuneration paid in the most recent two years

Unit: thousand NTD

Job title	The Company		Companies in Financial Report	
	2022	2021	2022	2021
Director remuneration	28,757	39,605	28,757	39,605
Director remuneration percentage of net income after taxes(%)	1.61	1.01	1.61	1.01
CEO and vice president	91,158	92,196	91,158	92,196
CEO and vice president remuneration percentage of net income after taxes(%)	5.11	2.35	5.11	2.35

2. Remuneration policies, standards, and packages for its Directors, CEO, and Vice Presidents, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure are as follows:

Remuneration of Directors:

According to the Company's Articles of Incorporation, the Board is authorized to determine the remuneration of the Directors by taking into account their participation in the Company's business and their contribution value, and with reference to industry standards. If there is profit for the year, the Company should contribute more than 1% of its profit as compensations of employees and less than 1% as remunerations of Directors. According to Company's Compensation Committee Charter, the Committee shall regularly review the remuneration policies, procedures, standards, and packages for the Director's remuneration and regularly evaluate the performance of the Company's directors. Directors' remuneration is fixed payment, a distinction shall also be made between Independent Directors and general Directors.Independent Directors of the Company are members of the Audit Committee and Compensation Committee; apart from the duties assumed by Independent Directors, the level of participation, the number of meetings each year, and extra time invested are also considered for the payment of remunerations.

Remuneration of CEO and Vice President:

(1) Remuneration policy of managers

The Company carries out evaluations based on individual experiences, capacity, the scope of duties, and level of contribution to the business objectives of managers, taking into account the salary standard in the market, internal fairness, and other factors to provide reasonable remuneration solutions. The design of the remuneration payment of managers shall give equal consideration to the requirements of sustainable operation and operating performance. The Company adopts an operating performance-oriented remuneration policy.

(2) Remuneration standard and package of managers

The remuneration of managers includes fixed salaries and variable bonuses. Fixed salaries refer to salaries distributed on a monthly basis; variable bonuses are distributed based on the evaluation results of the organization' s performance and individual performance. The indicators of the organization' s performance and individual performance include the annual operating performance of the Group, the performance of operating functions, and the achievement of individual financial and non-financial performance targets.

(3) Approval procedures for the remuneration of managers

The fixed salaries and variable bonuses to managers are proposed by the HR department based on evaluations in accordance with the principles of the remuneration policy and the achievement of performance standards. After the proposal is signed-off based on the approval authority, it is submitted to the Compensation Committee for discussion and submitted to the Board for approval.

(4) Connectivity to operating performance and future risks

The remuneration policy of managers and remuneration distributions give equal consideration to the requirements of sustainable corporate operations and the objectives of operating performance. The setting of the performance objectives covers financial, non-financial, long-term, short-term, profitability, risk, and various balance operating indicators.

IV. Status of corporate governance implementation

<1> Operation of the board of directors

Board of Directors held 7 meetings in 2022. The attendance of directors in the meetings is specified as follows:

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

Other matters to be recorded:

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

Date of Meeting	Name of Meeting	Resolutions under Article 14-3 of the Securities Exchange Act	Resolution Results and Measures Adopted to Addressed the Opinions of Independent Directors
March 10, 2022	6st meeting of the 17th Board	1. Amendment of the "Procedures for Acquisition and Disposal of Assets" of the Company 2. Remuneration of the Company' s Directors in 2021	1. All directors were present and the resolution was approved. 2. Independent Directors expressed no opinion
November 3, 2022	9st meeting of the 17th Board	1. Provision of guarantee for the banking facilities of its subsidiary, TSRC (Vietnam) Company Limited with the bank. 2. Provision of guarantee for the banking financing with banks for ARLANXEO-TSRC (Nantong) Chemical Industrial Co., Ltd. 3. The lease of B1F and B2F of Dun Nan Building.	
December 16, 2022	11st meeting of the 17th Board	Proposal for the disposal of the equity of Changzhou Asia Pacific Co generation Co., Ltd. by investee Asia Energy Development Company Limited	

2. In addition to the previous events, other resolutions made by the Board of Directors that the Independent Directors opposed or reserved with a record or written statement: There were no resolutions that the Independent Directors opposed or reserved in 2022.

3. Implementation of Director's reclusion of interest resolutions:

When discussing the lease of B1F and B2F of Dun Nan Building in the 9th meeting of the 17th session of the Board, as Chairman Nita Ing has interests in the matters discussed as she is also the chairman of Continental Holdings Corp., the legal representative of Continental Consulting Limited Company, she recused herself from the discussion of the proposal.

<2> Implementation status of the Board of Directors' Self Evaluation:

1. The Company completed the Board performance evaluation in 2022, and the evaluation result was "as expected," and the result was reported at the 13th meeting of the 17th session of the Board, exhibiting the favorable overall operations of the Board. Please refer to "(III) Implementation Status of Corporate Governance, Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof" on page 27 of the annual report.

Cycle	Period	Scope	Method	Content
Once a year	January 1, 2022 ~ December 31, 2022	· Board of Directors · Functional Committees	Self-evaluation the Board	· Evaluation of the Board: 1. Level of participation in the Company's operations 2. Improvement of the Board's decision-making quality 3. Awareness of the Board's composition and duties 4. Election of Board members and continual education 5. Internal control · Evaluation of functional committees: 1. Level of participation in the Company's operations 2. Improvement of the functional committee's decision-making quality 3. Awareness of the functional committee's composition and duties 4. Election of functional committee members and continual education 5. Internal control
Once a year	January 1, 2022 ~ December 31, 2022	Individual Board member	Self-evaluation of Board members	1. Control over the Company's objectives and tasks. 2. Understanding the responsibilities of the Board of Directors. 3. Participation in the Company's operations. 4. Management and communication of the internal relationship. 5. Directors' professional and continuous training 6. Internal control.
Every 3 years	September 1, 2021 ~ August 31, 2022	· Board of Directors · Functional Committees	Appoint an external professional institution	1. Participation in the operation of the Company and awareness of the duties of Directors 2. Improvement of the quality of the Board's decision-making and alignment of the goals and missions of the Company 3. Composition and structure of the Board 4. Directors' professional and continuous training 5. Internal control.

2. The current and most recent year's objectives and implementation status for enhancing the Board of Directors' functions:

(1) The Board of the Company convenes meetings and performs discussions and resolution-making according to the Company Act and the Securities Exchange Act, as well as standards announced by the competent authority. To reinforce the functions of the Company's Board and improve the supervising function, the Company established its Audit Committee and Compensation Committee according to laws and regulations; functional committees assist the Board in reinforcing corporate governance and supervisory duties based on their function.

(2) Article 21 of the "Corporate Governance Best Practice Principles" of the Company has stated the concept of Board diversification, knowledge, experience, and ability required of Board members for the execution of their duties; also, the Board composition shall be diverse, and in compliance with the requirements of laws and regulations with considerations given to the business features, requirements of operations and future development of the Company; the abilities possessed by the overall Board member shall comply with the diversification policy and the requirements of the Company's future development.

(3) The Company performed an external evaluation of Board performance in October 2022. "EY Business Advisory Services Inc." was engaged to carry out an evaluation of the performance of the Company's Board; the result of the external evaluation was reported at the 10th meeting of the 17th session of the Board.

(4) Based on the "Self-Evaluation or Peer Evaluation of the Board of Directors," the Company carried out the evaluations of the Board, functional committees, and individual Board members at the beginning of 2023 to enhance the functions of the Board by adopting opinions and recommendations provided by Directors as the basis for examination and improvement; the results of such evaluations were submitted to the Board for report.

<3> Operation of the Audit Committee

1. There are 3 members in the audit committee of this Company.
2. The Audit Committee convened a total of 7(A) meetings in 2022. The presence and attendance of the Independent Directors is as follows:

Job title	Name	Frequency of actual attendance(B)	Frequency of proxy attendance	Actual attendance rate (%)(B/A)	Remark
Independent Director (Convener)	Sean Chao	7	0	100	
Independent Director	Robert Hung	7	0	100	
Independent Director	Rex Yang	7	0	100	

3. The highlight of the Audit Committee in 2022 is summarized as follows:
(1) To review the 2021 business report, financial report and earnings distribution.
(2) To review the financial reports for the 1^{st} to 3^{rd} quarters of 2022.
(3) To review the provision of guarantees of the Company.
(4) To review the "Procedures for Acquisition and Disposal of Assets".
(5) To review the budget for 2023.
(6) To review the 2023 audit plan.

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

Date of Meeting	Name of Meeting	Significant review item	Resolutions under Article 14-3 of the Securities Exchange Act	Opinion of Independent Directors
January 17, 2022	4^{th} meeting of the 17^{th} Audit Committee	The changes in accounting estimates of 2021 financial reports		All members of the Audit Committee attended the meeting completed the review and submitted the proposal to the Board for discussion
March 3, 2022	5^{th} meeting of the 17^{th} Audit Committee	1. The 2021 financial report and business report of the Company	√	All members of the Audit Committee attended the meeting completed the review and submitted the proposal to the Board for discussion
		2. Proposal for the earning distribution of the Company for 2021	√	
		3. Amendment of the "Procedures for Acquisition and Disposal of Assets" of the Company	√	
		4. Proposal for short-term consolidated credit limits and foreign exchange and derivative transaction limits of the Company with a bank		
		5. The 2021 Statement of the Internal Control System	√	
		6. Amendment of the "2022 annual audit plan"		

Date of Meeting	Name of Meeting	Significant review item	Resolutions under Article 14-3 of the Securities Exchange Act	Opinion of Independent Directors
April 28, 2022	6th meeting of the 17th Audit Committee	To propose the Q1 consolidated financial statements of the Company in 2022	√	All members of the Audit Committee attended the meeting completed the review and submitted the proposal to the Board for discussion
July 28, 2022	7th meeting of the 17th Audit Committee	1. To propose the Q2 consolidated financial statements of the Company in 2022	√	All members of the Audit Committee attended the meeting completed the review and submitted the proposal to the Board for discussion
		2. Proposal for short-term banking facilities with the banks		
		3. Proposal for mid & long-term credit facilities with the banks		
October 27, 2022	8th meeting of the 17th Audit Committee	1. To propose the Q3 consolidated financial statements of the Company in 2022	√	All members of the Audit Committee attended the meeting completed the review and submitted the proposal to the Board for discussion
		2. Proposal for short-term consolidated credit limits and foreign exchange and derivative transaction limits of the Company with a bank		
		3. Provision of guarantee for the banking facilities of its subsidiary, TSRC (Vietnam) Company Limited with the bank.	√	
		4. Provision of guarantee for the banking financing with banks for ARLANXEO-TSRC (Nantong) Chemical Industrial Co., Ltd.	√	
		5. The lease of B1F and B2F of Dun Nan Building.	√	
November 24, 2022	9th meeting of the 17th Audit Committee	1. Proposal for the 2023 budget		All members of the Audit Committee attended the meeting completed the review and submitted the proposal to the Board for discussion
		2. Proposal for the 2023 audit plan		
December 16, 2022	10th meeting of the 17th Audit Committee	Proposal for the disposal of the equity of Changzhou Asia Pacific Co-qeneration Co., Ltd. by investee Asia Pacfic Energy Development Company limited	√	All members of the Audit Committee attended the meeting completed the review and submitted the proposal to the Board for discussion

2. Except for the above-mentioned matters, other matters not approved by the Audit Committee but received consent from more than two-thirds of the Directors: No such circumstances in 2022.

3. For the recusal of Independent Directors regarding resolutions of interests : There was no Independent Director required to recuse themselves for the conflict of interest with the resolution in 2022.

4. The communication among the Independent Directors, the internal audit director and the accountant:

   (1) Internal auditing officers submit various internal audit reports to independent directors, attending the audit committee and board meetings to report on internal auditing.

   (2) The internal auditing officer shall at least submit an audit report to the Independent Directors once every one to two months and respond to their questions, and communicate with Independent Directors directly via e-mails or meetings according to the business requirements.

   (3) The Company's CPA will report auditing or review results for the annual and quarterly financial statements as well as updates to related laws and regulations during the audit committee meetings

(4) Communications between Independent Directors and Internal Auditing Officers in 2022:

Date	Communication method	Material item communicated	Communication result
January 17, 2022	Audit committee	Recent Audit Office report	Agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for report.
March 3, 2022	Audit committee	1. Recent Audit Office report 2. 2021 Declaration of Internal Control System 3. Amendment of the "2022 annual audit plan".	1. The Recent Audit Office Report was agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for a report. 2. 2021 Declaration of Internal Control System and Amendment of the "2022 annual audit plan" was agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for approval.
July 28, 2022	Audit committee	Recent Audit Office report	Agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for report.
July 28, 2022	Independent Meeting of chief auditor and Independent Directors	TWSE Audit matters	The chief auditor separately reports to Independent Notified the Independent Directors.
October 27, 2022	Audit committee	Recent Audit Office report	Agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for report.
November 24, 2022	Audit committee	2023 annual audit plan	Agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for approval.

(5) Summary of Communications between Independent Directors and CPAs in 2022:

Date	Method	Main Issue	Results
March 3, 2022	Audit committee	1. Description of the audit on 2021 business report and financial statements 2. Description of key audit matters 3. Matters concerned by the competent authority and material laws and regulations	Agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for approval.
April 28, 2022	Separate report of CPAs to Independent Directors	1. Reviewing status of the financial report 2. Updates on important regulations	For Independent Directors' acknowledgment.
April 28, 2022	Audit committee	First quarterly financial report in 2022.	Agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for approval.
July 28, 2022	Audit committee	1. Second quarterly financial report in 2022. 2. Updates on important regulations	Agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for approval.
October 27, 2022	Audit committee	1. Third quarterly financial report in 2022. 2. Updates on important regulations	Agreed and acknowledged by all members of the Audit Committee attended, and submitted to the Board for approval.
Independent Directors held no dissenting or qualified opinion regarding the above mentioned matters.			

<4> Status of implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons for any departure

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
I. Has the Company abided by the" Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to formulate and disclose the corporate governance best practice principles?	√		The Company has established its “Corporate Social Responsibility Best Practice Principles” with reference to the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies,” and the Principles were approved at the 2nd meeting of the 17th Board to reinforce the functions of the Board and implement the corporate governance system, and were disclosed on the Company’ s website and MOPS.	No difference
II. Equity structure and shareholders right (1) Has the Company formulated internal SOP for handling shareholders' suggestions, doubts, disputes, litigations and implemented them according to the SOP?	√		(1) The Company has a spokesperson and acting spokesperson in place, and provides the contact section on the Company’ s website to handle shareholders' recommendations and questions; the Company also has relevant departments that address disputes and litigations with shareholders.	No difference
(2) Does the Company hold a list of the Company's key shareholders and their ultimate controllers?	√		(2) The Company owns the list of the final controllers of substantial shareholders who control the Company according to laws and regulations.	No difference
(3) Has the Company established and implemented risk control and firewall mechanism with its affiliated companies?	√		(3) There are regulations in place to control related party transactions, endorsement/guarantee, and loans to others between the Company and its affiliates; the Company also established its internal control system and “Regulations for Investee Management and Monitoring” ; the audit department shall execute measures related to internal audit and internal control, and the rights and responsibilities of which shall be explicitly separated from the management rights and responsibilities of affiliates to ensure the risk control system.	No difference
(4) Has the Company stipulated internal regulations prohibiting inside personnel trading securities using information that has not yet been disclosed on the market?	√		(4) The Company established its “Code of Ethical Conduct,” “Ethical Corporate Management Best Principles,” “Procedures for the Prevention of Insider Trading,” and “Procedures for Whistle-blowing Management” to prohibit internal parties from using information not disclosed in the market to trade securities; we also regularly organize internal communications each year and make disclosures on our corporate website. The Company has organized the training program “Introduction to the Procedures for the Prevention of Insider Trading” and provided insiders of the Company with matters of notice for material information from time to time.	No difference
III. The organization of the Board of Directors and their duties (1) Does the Board establish the diversity policy, substantial management targets, and make implementations appropriately?	√		(1) Article 21 of the Company’ s “Corporate Governance Best Practice Principles” states the idea of Board diversity, where members of the Board shall possess knowledge, experiences, and abilities required for the execution of their duties with reference to the business characteristics, operations, and future development requirements of the Company. The Board shall, in general, possess the abilities to make business judgments, accounting and financial analysis, business management, emergency management, as well as industry knowledge, leadership, decision-making capacity, and international vision required for cross-nation operations.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
			1. The Board of the Company comprises seven Directors, including one female Director (accounting for 14%) and three Independent Directors (accounting for 43%); two of the Independent Directors have been re-appointed for two sessions, and one of the Independent Directors have been re-appointed for three sessions; however, as the Independent Director possesses extensive financial backgrounds and industrial experiences that are significantly beneficial for the future business development of the Company 2. For the age distribution of Board members, those under 65 accounted for 14%, those between 65 to 70 accounted for 57%, and those above 70 accounted for 29%. 3. In addition, there is no Director who is concurrently a managerial officer of the Company. Members of the Board are from different fields of expertise, used to be the senior management in international enterprises, and possess knowledge, skills, leadership and decision-making capacity, and international market vision; abilities of members of the Board, in general, comply with the diversity policy and the requirements of the Company's future business development; for relevant implementation status, please refer to "Board Diversity" on page 13 of the annual report.	
(2) Besides creating the Remuneration Committee and the Audit Committees according to the law, has the Company voluntarily established other functional committees?		√	(2) The Company established its Audit Committee and Remuneration Committee according to the law with reference to its operating requirements.	Considering the management of business operations, the Company will not set up other functional committee for now.
(3) Does the Company formulate the Regulations for the Performance Evaluation of the Board of Directors and its evaluation method? Does the Company conduct performance evaluations regularly every year, and submit and report the results of the performance evaluations to the Board of Directors, and take the results as a reference for the compensation and nomination renewal of individual directors?	√		(3) The Company approved the establishment of the "Regulations for Board Performance Evaluation" at the 19th meeting of the 16th session of the Board in 2020, which states that the Board performance evaluation shall be carried out at least once each year, an evaluation by engaging external parties at least every three years, and the result of the performance evaluation shall be completed by the end of Q1 in the following year. The Company has performed the 2022 evaluation according to the requirements. A self-evaluation by using questionnaires was adopted, and the meeting department of procedures was responsible for the execution. The evaluation was from 1 January 2022 to 31 December 2022, and the scope of evaluation includes the "Board," "functional committees," and "individual Board member"; the evaluation results were reported at the 13th meeting of the 17th session of the Board, and the declaration was completed; the results are also included as a reference for the nomination for the re-appointment of Directors. The results of the 2022 Board performance evaluation are summarized as follows: 1. The evaluation result of the Board was "as expected." The composition and structure of the Company's Board are healthy, and the system is comprehensive; the information transparency complies with the regulations, and the composition of members possesses professionalism and diversification. All Directors highly recognize the current operations of the Board; all Directors attended past Board meetings and fully participated in the discussions to provide directions for improvement and risk issues to be concerned to the management team, duly performing their duties to guide and supervise the Company's strategies, complying with the expectations of Directors.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
			2. The performance evaluation result of functional committees was “as expected.” All members highly recognize the independent and transparent operations of functional committees; they understood their duties and fully participated in discussions to provide recommendations and reminders to assist the decision-making of the Board. Independent Directors exhibited their independence and professional performance, which is beneficial to the decision-making of the Board, effectively improving the functions of the Board. 3. The performance evaluation result of the individual Board member was “as expected.” Board members recognized the comprehensiveness, information transparency, and the provision of abundant information to the Directors for them to grasp the operating status of the Company. All Board members are aware of the core values of the Company and are fully compliant with the specifications when exercising their powers. For the discussion and decision-making of the Board, they may exert their expertise in different fields and provide various opinions. The Company performed an external evaluation of Board performance in October 2022. “EY Business Advisory Services Inc.” was engaged to carry out an external evaluation of the Board; the evaluation period was from 1 September 2021 to 31 August 2022, and the evaluation result was reported at the 10th meeting of the 17th session of the Board and disclosed on the Company’ s website.	
(4) Does the Company evaluate accountant independence on a regular basis?	√		(4) 1. he Company regularly evaluates the independence and adequacy of CPAs each year. The result of the CPA evaluation in 2022 was approved as a resolution at the 3rd meeting of the 17th Board. In addition, the Company evaluated the adequacy and independence of CPAs at the end of 2022 with reference to AQI with a focus on the five major aspects, taking into account the information on the “level of the firm” and the “level of the audit case.” The evaluation result was approved as a resolution at the 12th meeting of the 17th session of the Board (Note) and shall serve as the reference for making an appointment in the following year. 2. Regarding whether the cumulative number of years in which the CPAs continuously provide audit services to the Company would affect the independence under the AQI index, considering KPMG has been providing audit services to the Company for years, and the audit team is familiar with the industry where the Company belongs, it is beneficial for CPAs to grasp audit risks or possible malpractices. Based on the periodical rotation system of the firm, each CPA shall not provide audit services to the same customer for seven consecutive years to minimize the independence risks. In general, it has not affected the adequacy of CPAs. 3. CPAs Ming Hung Huang and Wu Lin from KPMG comply with the evaluation standard of the Company, and the CPA’ s firm has issued the Statement of Independence.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
IV. Does the Company have an adequate number of corporate governance personnel with appropriate qualifications as well as a corporate governance officer in charge of relevant corporate governance matters (including but not limited to providing data required for director and supervisor operations, assisting directors and supervisors with regulatory compliance, handling matters relating to board meetings and shareholders meetings according to laws, as well as producing minutes for such meetings)?	√		Mr. Chao-Cheng Tsai was appointed as the Corporate Governance Officer of the Company through the resolution passed at the 21st meeting of the 16th Board. Mr. Chao-Cheng Tsai is a qualified lawyer and has held senior positions in departments related to legal affairs in public companies for three years and above. The scope of duties of the Corporate Governance Officer includes "handling matters related to Board meetings and shareholders' meetings according to the law," "preparing meeting minutes for Board meetings and shareholders' meetings," " assisting Directors in on-boarding and continual education," "providing information required for the execution of business to Directors," "assisting Directors in legal compliance," and "other matters stated in the Articles of Incorporation or contracts." Meanwhile, it shall make coordination between relevant departments and promote the planning and execution of corporate governance operations, allowing the Company to achieve sustainable development under a healthy governance structure. For the continuing education status of the Corporate Governance Officer in 2022, please refer to the continual education status on page 50 of the annual report.	No difference
V. Does the Company maintain channels of communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers) and designate a stakeholders section on its website as well as properly respond to critical corporate social responsibility issues that stakeholders are concerned with?	√		The Company has "Contact Information for Stakeholders" and "Whistle-blowing Mailbox" on the Company' s website and has established contact windows with various stakeholders to communicate with stakeholders through various channels; also, the Company regularly reports to the Board regarding the communication status with stakeholders. The communication status with stakeholders in 2022 was reported at the 8th meeting of the 17th Board. Regarding material corporate social responsibility issues concerned by stakeholders and the response of the Company, please refer to the Sustainability Report of the Company.	No difference
VI. Has the Company commissioned professional securities institutions to handle shareholders' meetings?	√		We commissioned SinoPac Securities to handle the shareholders' meeting.	No difference
VII. Disclosures (1) Does the Company set up a website to disclose financial business and corporate governance?	√		(1) The Company' s website has the "Investor Relation" section that covers financial information, financial reports, and corporate governance information; it also regularly updates the content of the website, and the spokesperson of the Company announces material information to external parties according to the law.	No difference
(2) Does the Company also adopts other means for disclosure. (i.e. English web site, personnel dedicated to collect and disclose Company information, establishment of a spokesperson policy, disclosure of the process of investor conference on Company web site, etc.)	√		(2) The Company has established its websites in Traditional Chinese, English, and Simplified Chinese, and there is dedicated personnel being responsible for the information disclosure and updates. The spokesperson releases information regarding material matters to external parties at once. The Company provides briefing and real-time scenarios of its investor conference on the website.	No difference
(3) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second and third quarter financial reports and operating conditions of each month before the limitation date provided?		√	(3) The Company announces and declares its annual, quarterly financial reports and announces its monthly operating status according to the period stated in laws and regulations.	Adjustments will be made according to the requirements in the future.

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
VIII. Is there any other important information that will facilitate the understanding of the Company's corporate governance operations (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, further education of directors and supervisors, implementation of risk management policy and risk evaluation standards, client policy implementation, Company's liability insurance for its directors and supervisors and so on)?	√		(1) Employees' rights and care for employees: The Company complies with regulations where its operations locate and protect employees' rights; it values employees' physical and mental;health, provides health inspections and group insurance, and has established its Employee Benefits Committee to plan for various benefit measures and recreational events. For the environment, we are committed to providing safe and healthy work environments for our employees, minimizing the risk of occupational disasters, and reinforcing employees' awareness of their rights protection through educational training. Please refer to "V. Labor Relations" on page 71 of the annual report. (2) Investor relations: The Company discloses material information on the MOPS and declares information related to corporate governance and finance according to the law, allowing investors to keep abreast of information at all times; we also set up a spokesperson system in place to maintain investor relations; we have a contact section on our website to provide smooth communication channels. (3) Supplier relations: The Company has established its "Supplier Evaluation and Management Regulation" to ensure our partners may implement the "Code of Conduct for Partners of TSRC Corporation," protecting the legal interests of both parties. (4) Stakeholders' interests: Please refer to the stakeholder section on the corporate website. (5) Continual education of Directors: The Company actively encourages Directors to participate in relevant courses organized by the competent authority. All Directors regularly participate in continual education programs each year for over six hours and above. Please refer to "Continual Education of Directors" on page 49 of the annual report. (6) Implementation of the risk management policy and risk measurement standards: The Company approved the establishment of the "risk management policy" at the 4th meeting of the 17th session of the Board in 2021 to build risk management systems, procedures, and scope, confirm the authority and responsibility of the organization, and regulate relevant implementation and supervisory systems, which were reported at the 9th meeting of the 17th session of the Board. Regarding the implementation status of risk management in 2022, please refer to the corporate governance section on the Company's website.。Regarding the execution status for risk management in 2022, please refer to the corporate governance section on the Company's website. (7) Execution of the customer policy: The Company ensures the health and safety of customers when using products of the Company through annual satisfaction surveys, interactive seminars, interviews, and other communication channels, and carries out examinations regarding the issues to propose improvement recommendations, so as to improve the quality of products and services. (8) Purchase of liability insurance for Directors by the Company: The Company purchases liability insurance for Directors and managerial officers for the scope of business execution and reports to the Board each year.	No difference
IX. Please indicate the improvement in respect to the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and propose priority enhancements and measures for those which have not improved. (Not required for those who were not under evaluation) 1. According to the result of the 2021 Corporate Governance Evaluation, the Company was included in the list of listed companies ranging from 6% to 20%. The Company evaluates the items to be improved stated in the result of the Corporate Governance Evaluation, and continues to improve its information transparency. 2. The Company carried out an external performance evaluation of the Board in 2022. 3. The succession plan of the Company's Board members and significant management is disclosed on its website.				

Note: 2022 CPA Independence and Adequacy Evaluation Form
Evaluating CPA: KPMG Taiwan/CPAs Ming Hung Huang and Lin Wu

Evaluation Item		Results	
		Yes/ Compliance	No/Non-compliance
1. Audit quality indicator issued by the FSC	(1) Professionalism	√	
	(2) Quality control	√	
	(3) Independence	√	
	(4) Supervision	√	
	(5) Innovation capacity	√	
2. CPA does not have any financial interest or business relations with the Company and therefore remains independent.		√	
3. The CPAs or the audit team is not a spouse or linear blood relative of Directors, managers of the Company, or persons having a material influence on the duties in the most recent two years.		√	
4. CPA does not regularly work at the Company or receive a fixed income from the Company.		√	
5. Has CPAs maintained a fair and objective view when executing project services and avoided effects on professional judgment due to prejudice or conflicts of interest?		√	
6. No loans between CPA and the Company and/or affiliates.		√	
7. CPA has not offered auditing services to the Company for seven consecutive years.		√	
8. CPA and audit team has issued a Statement of Independence.		√	
9. Level of proficiency regarding the conveyance in the financial report provided by CPAs		√	
10.Consultation and services for non-financial report disclosures provided by CPAs		√	

<5> Information on Compensation Committee:

1. Information on Compensation Committee

December 31, 2022

Identity	The identity / Name	Professional Qualification and Experience	Independence Status	Number of Public Companies in which the Director is Concurrently A Member of the Remuneration Committee
Independent Director (Convener)	Robert Hung	Please refer to Table “Disclosure of the Professional Qualification of Directors and the Independence of Independent Directors” on page 12 of the annual report.	Please refer to Table “Disclosure of the Professional Qualification of Directors and the Independence of Independent Directors” on page 12 of the annual report.	0
Independent Director	Sean Chao	Please refer to Table “Disclosure of the Professional Qualification of Directors and the Independence of Independent Directors” on page 12 of the annual report.	Please refer to Table “Disclosure of the Professional Qualification of Directors and the Independence of Independent Directors” on page 12 of the annual report.	2
Independent Director	Rex Yang	Please refer to Table “Disclosure of the Professional Qualification of Directors and the Independence of Independent Directors” on page 13 of the annual report.	Please refer to Table “Disclosure of the Professional Qualification of Directors and the Independence of Independent Directors” on page 13 of the annual report.	0

2. Operational information of the Compensation Committee

(a) There are 3 members in the Compensation Committee of the Company.

(b) The term of the 17th committee members shall be from August 4, 2021 to August 3, 2024. The 17th Compensation Committee held 4(A) meetings in 2022. The attendance of members in the Compensation committee meetings is specified as follows:

Job title	Name	Frequency of actual attendance(B)	Frequency of proxy attendance	Actual attendance rate (%)(B/A)	Remark
Convener	Robert Hung	4	0	100	
Member	Sean Chao	4	0	100	
Member	Rex Yang	4	0	100	

3. The primary scope of duties of the Compensation Committee is as follows:

(a) Regularly examine the Charter of Compensation Committee and propose amendment recommendations

(b) Stipulate and regularly examine the annual and long-term performance targets of Directors and managerial officers and the policies, system, standards, and structures of remuneration

(c) Regularly evaluate the achievement of the performance targets of Directors and managerial officers and establish their respective content and amount of remuneration

Other matters to be stated:

1. Operating status of the Compensation Committee in 2022:

Meeting Date	Meeting Name	Major Resolutions	Implementation Status
January 27, 2022	The 2th meeting of the 17th session	1. 2021 employee performance bonus plan. 2. 2022 employee remuneration adjustment plan. 3. Determination of the performance plan of managerial officers for 2022	Approved by all members attended and submitted to the Board for discussion.
March 3, 2022	The 3th meeting of the 17th session	1. 2021 evaluation report for the Board 2. Performance evaluation and bonus for managerial officers 3. Manager's remuneration plan 4. 2021 remuneration for the Company's Directors.	Approved by all members attended and submitted to the Board for discussion.
October 27, 2022	The 4th meeting of the 17th session	1. Proposal for the adjustment to the remuneration policy of the Company 2. Promotion of the Company's manager 3. Special award of the Company's managers	Approved by all members attended and submitted to the Board for discussion.
November 24, 2022	The 5th meeting of the 17th session	The external performance evaluation report of the Board in 2022	Approved by all members attended and submitted to the Board for discussion.
The above mentioned matters were approved by the Compensation Committee; there is no dissenting or qualified opinion expressed by Independent Directors attended.			

2. Where the Board of Directors does not adopt or revise the recommendation from the Compensation Committee: No such circumstances in 2022.

3. If, with respect to any resolution of the Compensation committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, the minutes of the meeting shall specify the date and term of the meeting of the Compensation Committee, content of issues, opinions of all members, and disposition on the opinions of members: No such circumstances in 2022.

<6> Sustainable Development Implementation and Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
I. Has the Company established a governance structure for the promotion of sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development? Has the Board authorized the senior management to handle such matters under its supervision?	√		1. Regarding the ESG/sustainability of the Company, under the governance and supervision of the Board, the Executive leadership Team has formed an ESG Steering Committee to formulate ESG/sustainability strategies and Targets, and an ESG Section was established under the Corporate Development Department in 2022 to commit to the promotion of the Company' s ESG/ sustainability, management of ESG activities, and information integration. The section leads the implementation of ESG plans for the Company and manages relevant activities, evaluates the achievement of ESG targets and communicates with the Company, and proposes solutions that reinforce our ESG/ sustainability. In addition, to effectively promote our ESG targets, the section works with the appointed members from different functional unit based on category of ESG nature. 2. The Board of the directors periodically supervises the status of ESG/sustainability. The Board is noted that the status of ESG/sustainability and climate change evaluation and planning in January 2022, made a resolution related to ESG strategies and targets and the GHG inventory schedule in May 2022, was noted that the climate risk evaluation report, material subjects of the Sustainability Report, communication status wit h stakeholders, and other material ESG issues and ESG risk control systems in August 2022.	No difference
II. Does the Company carry out risk assessment regarding the environment, social, and corporate governance issues related to its corporate operations based on the materiality principles and established relevant risk management policies or strategies?	√		1. Based on the principle of materiality, the Company carried out identification and evaluation of ESG issues related to the operations of the Company and its subsidiaries. For environmental aspect, the evaluation includes climate strategies and GHG emission, energy management, water resource management, waste management For social aspects, the evaluation includes, occupational health and safety, talent attraction and retention, employee welfare and cognition, labor-capital relationship, and human rights. For governance aspects, the evaluation includes legal compliance, risk management, and sustainable innovation, evalauted and analyzed their impacts and effects on stakeholders and the Company, established relevant policies (i.e., risk management policy, cyber security policy and management, Ethical Corporate Management Best Practice Principles, and Corporate Governance Best Practice Principles), established the ESG strategy and targets (i.e., reduce carbon and improve the wastewater circulation," and made disclosures in its Sustainability Report based on relevant standards and guidelines under GRI and SASB. 2. For relevant descriptions of the ESG issues of the Company, please refer to the 2022 Sustainability Report of the Company and our website.	No difference
III. Environmental Issues: (1) Has the Company established an environmental management system based on the characteristics of their industries?	√		1. The Company is in the chemical industry. Apart from complying with requirements of local laws and regulations of our production sites (including Taiwan, Mainland China, the U.S., and Vietnam), in response to the impacts and effects of climate change on the environment, the Company has established its environmental policy, a comprehensive environmental management system, and regularly examined the implementation status for its internal management and control. 2. For the environmental aspect, the Company has obtained relevant certification , and our production three Nantong plants at different locations (including the Kaohsiung Plant, Gangshan Plant, Nantong three Nantong plants Plant, and Shanghai Plant) have obtained the ISO-14001 Environmental Management System certification; Kaohsiung Plant has obtained ISO-50001 Energy Management System and ISO-14064-1:2018 GHG Inventory certifications. 3. Regarding the environmental strategy of the Company, and the detailed description of the management system, please refer to the 2022 Sustainability Report of the Company and our website.	No difference

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Is the Company committed to improving energy use efficiency and the use of renewable materials with low environmental impact?	√		1. The Company has been actively responding to the international trend of net zero. With reference to the chemistry industry standard related to a temperature increase by 2ºC the Company has established its short, mid, and long-term objectives to reduce carbon dioxide emissions (scope 1 and scope 2). By adopting 2021 as the base year, the Company targets to reduce carbon dioxide emissions by 2.5% each year by increasing the use ratio of renewable energy and continuing to improve the energy use efficiency and reduce the energy consumption of products. 2. Regarding the continual reduction in the carbon footprint of products, the Company has set the use objective of renewable raw materials and has been actively exploring suppliers of renewable raw materials (including biomass and recycled raw to meet). The Company plans for its products to obtain ISCC Plus to meet customers’ requirements. 3. Regarding the improvement in energy efficiency, the use of renewable raw materials, other objectives of the Company, and detailed descriptions, please refer to the 2022 Sustainability Report of the Company and our website.	No difference
(3) Has the Company evaluated the current and future risks and opportunities of climate change for the Company and adopted relevant countermeasures?	√		1. To face climate change, the Company responds to the initiatives of GHG reduction and pay attention to the effects of climate change on the Company. We made change financial impact evaluations related to climate in 2021 and adopted the “Recommendations of the financial Force on Climate-related Financial Disclosures(TCFD)” to carry out the financial scenario analysis related to climate change. Based on the climate risks, we identified transition risks and physical risks, determined 13 climate risk, 5 climate opportunities, and prepared quantitative financial data regarding impacts brought by risks, set and disclosed the level of impacts of climate toward low-carbon era and strengthen related facilities and increase drills change on the Company and set policies and relevant measures; toward low-carbon era and strengthen related facilities and increase drills in addition, based on the core elements in the disclosure recommendations under the TCFD, we performed relevant operations and made disclosures in terms of governance, strategies, risk management, indicators, and targets. 2. For detailed descriptions, please refer to the 2022 Sustainability Report of the Company and our website.	No difference
(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	√		1. The Company has established comprehensive environmental policy and management system for sustainable development. Our environmental management and performances are verified by third parties, and we have obtained effective ISO50001 Energy Management System, ISO14001 Environmental Management System, ISO14064-1:2018 GHG Inventory, and QC08000 Hazardous Substance Process Management System Requirements certifications. In addition, the Company stipulated the reduction in carbon dioxide emissions, improvement of wastewater circulation, the increase in using reclaimed water, reduction in wastes, and other substantial short, mid, and long-term objectives regarding its ESG strategy to make progress toward carbon neutrality. (1) In terms of reducing carbon emissions, the Company has set a target to reduce greenhouse gas emissions by 2.5% per year (Scope 1 plus Scope 2) as the base year of 2021, and to reduce carbon emissions by 22.5% in 2030, the Group's greenhouse gas emissions in the past two years are as follows:	No difference

Emission of Greenhouse Gas	2021	2022
scope 1	129,576	130,284
scope 2	431,109	404,110
Unit Product Carbon intensity (scope 1+scope 2)	1	0.99
scope 3	1,405,933	1,391,874

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(see below)	

GHG	2021	2022
Unit Product Carbon intensity (scope 1 ~ scope 3)	3.50	3.44

Note:
1. The abovementioned GHG emission volume is the total emission volume of the Group (including the parent company and all subsidiaries).
2. 2021 GHG inventory of the Company was verified by a third party, with ISO14064-1:2018. Please refer to the “Statement of GHG Certification” on page 46 of the annual report. As of the printing date, the data in 2022 was under external certification; please refer to the 2022 Sustainability Report and the sustainability section on the Company’ s website for the final information.

(2) For water consumption, the Company has set short-term, mid-term, and long-term objectives for improving wastewater circulation and improving the usage of recycling water, and it is estimated that the circulation rate and the use rate of reclaimed wate would reach 40%in 2030, respectively. The water consumption of the Group in the most recent two years is described as follows:

Unit: 1,000 tons

Consumption	2021	2022
Water Consumption of TSRC Group	5,835	5,604
Unit Product Water Consumption (1,000 tons/Production per 1,000 tons of product)	10.38	9.97

Note:
1. The water consumption of the Group includes the parent company and subsidiaries substantially in operation.
2. As of the printing date, the data in 2022 was under external certification; please refer to the 2022 Sustainability Report and the sustainability section on the Company’ s website for the actual data.
3. For the water consumption, emission, recycling volume, and other information of subsidiaries, please refer to the 2022 Sustainability Report and the sustainability section on the Company’ s website.

(3) For waste management, the information of the Group in the most recent two years is as follows:

Unit: ton

Weight of different wastes	2021	2022
General Business Waste	2,591.77	3,260
Hazardous Business Waste	1,346	1,475
Total weight of waste	3,937.77	4,714
Unit Product Business Waste (ton/Production per 1,000 tons of product)	7	8.4

Note:
The total weight of waste of the Group includes the parent company and subsidiaries substantially in operation.

2. As of the printing date, the data in 2022 was under external certification; please refer to the 2022 Sustainability Report and the sustainability section on the Company’ s website for the final information.
3. For relevant data on subsidiaries, please refer to the 2022 Sustainability Report and the sustainability section on the Company’ s website.

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
IV. Social Issues (1) Does the Company establish relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	√		1. To implement personnel protection, the Company complies with local regulations in all operation site and maintain the rights of all persons and organizations (including employees and long-term contractors) under the Tripartite Declaration of Principles; the Company supports and makes reference to the human rights standards recognized internationally under the International Labor Office Tripartite Declaration of Principles, The OECD Guidelines for Multinational Enterprises, UN Universal Declaration of Human Rights, and The UN Global Compact. We respect interests of workplace personnel, prohibit all forms of discrimination, ban forced labor and child labor, ND incurs no interference with employee’ s freedom of association. With respect to the environment, the Company is committed to providing a safe and healthy workplace for its employees; it complies with relevant regulations and continues improving the safety and health of the workplace, prevents the occurrence of accidents, minimizes risks of occupational disasters, protects employees’ safety and facilitates their physical and mental health, as well as enhancing the awareness of the employee's regarding personnel interest protection through educational training. 2. Regarding the evaluation of personnel interest protection, risk mitigation measures, and personnel protection training practices, please refer to the 2022 Sustainability Report and our website.	No difference
(2) Does the Company establish appropriately managed employee welfare measures (include remuneration, leave and others), and link operational performance or achievements with employee salary and compensation?	√		1. The Company is committed to creating a diverse and equal working environment that values others human rights and gender equality. The use of talents shall not be affected by age, gender, region, religion, marital status, gender orientation, or others academic. 2. Through industry cooperation, corporate internships, and multiple channels, the Company continues to attract functional talents to join TSRC, create a culture of diversification and inclusiveness , and utilize the differences and uniqueness of employees for mutual encouragement and innovation support. 3. The Company provides well remuneration, including, in comply with local regulation, the provision of employee welfare and insurance, meal subsidies, year-end dinner, health inspection subsidy, travel subsidies, and the provision of marriage gift money, maternity benefit, and injury/sickness condolence payment. 4. The Group in comply with local relevant regulations provides employee insurance and retirement pension. For the plants in Taiwan, the Company complies with the “Labor Standard Act,” “Labor Pension Act” and its enforcement rules and standards for the accounting of retirement pensions to protect the retirement interest of employees. For subsidiaries in Mainland China, the Company observes relevant requirements in comply with the “ Social Insurance Law” in Mainland China; the Company and employees jointly pay the basic endowment pension, basic medical insurance, occupational injury insurance, unemployment insurance, maternity insurance, and housing provident fund based on the ratio. After retirement, employees shall collect retirement pensions uniformly distributed by the national labor and social protection department based on the regulations. For subsidiaries in the U.S., the Company makes arrangements in comply with local safety and welfare plans (401k). 5. To improve the overall performance of employees and the organization, the Company promotes human resource performance management, including target setting, empowerment and authorization, communication and consultation, connectivity between performance and bonuses, and career development to effectively measures the performance of all employees and provide returns to employees, so as to assist in the career growth and development of employees. 6. For detailed descriptions of employee welfare measures, please refer to the 2022 Sustainability Report and the sustainability section on the Company’ s website。	No difference

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the Company provide the employees with safe and healthy working environment and carry out regular training for regarding safety and health the employees?	√		1. The Company adheres to the spirit of occupational safety and health management to establish its management regulations and “Workplace Health and Safety Rules” that stipulate the health and safety of all employees. In addition, we stated the rights and obligations related to safety standards, educational training, health instructions, first-aid and rescue, and event reporting for employees and contractors based on relevant regulations. 2. To protect the safety and health of employees and interests of stakeholders, the Company has established relevant systems (including ISO 14001 environment management system, ISO45001 and CNS45001 occupational safety and health management system) 3. The Company regularly organizes fire drills and occupational safety educational training each year to cultivate employee's emergency management and self-safety management abilities. In response to the leakage of materials and emergency events like, fire/explosion/earthquake, and others, the Company stipulates the emergency management procedures. 4. The Company established the “Regulations for Identification and Risk Evaluation for Occupational Safety Hazards” based on the ISO45001 occupational safety and health management system to execute significant occupational safety and health risk evaluations; for unacceptable risks and acceptable improvement opportunities, the Company set the targets and action plans to effectively control risks. In addition, according to the “Regulations for Anomaly Handling Procedures,” the reporting guideline are ready regarding all levels of safety and health events including false alarm. 5. The Company arranges health inspections of relevant items for persons engaging in work with occupational disease hazards for all plants. Furthermore, our plants have identified occupational hazards and adopted precautions to minimize the probability of hazard occurrence through management, procedure alteration, method improvement, working hour adjustment, isolation, and personal protection. The Company adopts management measures for five occupational hazards, including noise, carbon disulfide, benzene, dust, and butadiene.。 6. The Group (the parent company and subsidiaries) recorded a total of six occupational disaster cases with six employees in 2022; there was no significant damage. The recordable occupational injury ratio of employees (recordable number of occupational injuries/total working hours x 200,000) of the Group was 0.33. After analyzing the cause of accidents, the Company will continue to reinforce the consultation and drills to ensure the safety of employees at work. 7. The Company continues to make improvements in safety and health, as well as fire prevention works, including “permitted operation control, safety observation and patrol inspection, chemical management, auto-inspection, emergency management, contractor management, operating environment testing, as well as safety and health educational training,” and seeks to achieve the target of zero disaster and zero injury. 8. The Company organizes physical health inspection for all employees once a year and carries out follow-up management for employees with material anomalies based on their health inspection results with the assistance from nurse practitioners, under the condition that none of the requirement of the personal information regulations is violated. 9. For detailed descriptions of employee safety and educational training, please refer to the 2022 Sustainability Report and the sustainability section on the Company’ s website.。	No difference

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Has the Company established effective career development training programs?	√		1. The Company establishes different career ability development training programs for employees based on their objectives. For example, the Company adopts the "leadership competency project" for our executive leadership team and establishes the global function cultivation index of TSRC to provide guidance for talent development and transition, and promote the cultivation for managers of all levels through the competency index and development measurement standard. 2. For indirect employee, the Company adopts the "global self-development project" to facilitate the linkage of employees' abilities to the development of the organization and function transition. 3. The Company organized its own online programs and e-newspaper to promote the establishment of individual development objectives worldwide. Regarding the individual development objective programs, there were a total of 520 participants (263 persons from Taiwan and 257 persons from subsidiaries in the Mainland China), and 76% of the indirect employee completed the training. 4. The Company promotes "Gree Innovation – ESG Innovative Learning" for our indirect employee. A talent development plan with two stages was adopted to complete six major innovation projects (36 active innovators); 149 employees participated in the innovation achievement presentation; a total of 57.8% of indirect labor participated in the project. 5. The "Mentor Guidance Project" was adopted for new employees of subsidiaries in the Mainland, and 100% of new employees completed the guidance project. 6. For detailed descriptions of development and training plans, please refer to the 2022 Sustainability Report and the sustainability section on the Company' s website.	No difference
(5) Does the Company have its product and service comply with regulations and international rules related to customers' health and safety, privacy, sales, and labelling, and set policies to protect consumers' rights and consumer appeal procedures?	√		1. The Company values the effects of different stages in the lifecycle of products on the environment and carries out health and safety impact evaluation and control. When performing market exploration and promotion, the Company evaluates the competitive niche of products in terms of health and safety and actively exhibits the competitive strength of products at exhibitions or when communicating with customers. Meanwhile, the improvement in environmental protection and energy-saving awareness worldwide has driven the green development of synthetic rubber; therefore, the Company began the R&D of rubber materials with sustainability features and actively promoted and communicated with customers, and emphasized the business philosophy of sustainable products of the Company with customers via social media, its website, customer visits, or public occasions (i.e., seminars and product presentations). In addition, the Company plans to obtain ISCC Plus certification in 2023 toward the low-carbon era with our customers. 2. Given the effects of products on the environment , human health and safety in different stages within the life cycles, upon the development of all products, the Company adopts laws and regulations related to environment and chemical substance safety management worldwide as its standards; mass production and shipping are subject to the compliance with such standards. The Company sets guideline, nature, and usage instructions for rubber products it provided in the COA and safety data sheet to allow customers to understand the safe usage; we also state our consultation line to assist customers in obtaining the information required with our best efforts. We enclose SDS for the first shipment made to each customer; the SDS specifies the information of the substances, waste processing method, and using conditions. The SDS is available on our website and is also provided upon request by our customers at all times. 3. Products of the Company comply with the requirements related to SVHC information transmission under REACH regulations, and the Company continues to update the HSF supporting information of suppliers. The Company has established its Regulations for Processing Customer Complaints and Regulations for Finished Good Safety Data Sheet to effectively process customer complaints and after-sale services of products.	No difference

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			4. The Company has established its "Code of Business Conduct" to prevent our products or services from harming stakeholders and collaborate with all functional units to improve the customers' satisfaction, providing convenient services for customers and focusing on protection related to privacy and transaction safety. 5. In 2022, there is no infringement events arising from violating health and safety regulations related to products or violating marketing regulations, or arising from product responsibilities.	
(6) Does the Company establish a supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their performing status?	√		1. In response to the trend of sustainability, the Company of focuses on the strategical objectives and performance of suppliers in terms of sustainability in the hope of jointly promoting carbon dioxide reduction through the integration of industry value chains. 2. Adopting the "Code of Conduct - Responsible Business Alliance" as the road map, with reference to relevant international standards, the Company has established the "TSRC Group Supplier Code of Conduct" to regulate the ethical corporate management, human rights and labor policies, occupational safety and health, environmental protection, and other issues related to sustainability of suppliers, and require the compliance and implementation of suppliers, and to serve as the material basis for our procurement decisions. We also require suppliers to provide self-declarations for their due implementation and substantial performance in terms of sustainability specifications and provide material evidence (i.e., management system certifications) to allow the Company to clearly understand their implementation status in terms of sustainability specifications. 3. The Company requires suppliers to provide their ESG objectives and implementation status by way of questionnaires. 4. The Company requires suppliers to comply with local laws and regulations, to not force or abuse labor, to adopt legal working hours and disclose salaries and welfare. Our supplier evaluation has included ISO 9001, RoHS (HSF), QC 080000, ISO 14001, ISO45001, CNS45001, and other material indicators of corporate social responsibility. We require suppliers to comply with specifications related to the freedom of association, prohibition of child labor, and the elimination of forced labor to protect basic human rights. The Company requires suppliers to respect and encourage employees to develop and engage in the overall welfare of employees in compliance with local laws. If any violation of the abovementioned by suppliers is found, the Company will make arrangements according to the management regulations. 5. TSRC periodically carries out evaluations on suppliers of different joints each year to ensure that the actual implementation of suppliers is in compliance with the stringent standards and requirements of TSRC. 6. According to the result of the evaluation survey in 2022, none of the suppliers violated the abovementioned matters.	No difference
V. Does the Company refer to internationally accepted reporting standards or guidelines for compiling sustainability non-financial information, reports, such as on corporate social responsibility? Does the previous released report obtain the assurance of the third-party verification unit?	√		1. The 2022 Sustainability Report of the Company adopted the framework of GRI Standards and SASB guidelines for reporting. In the report, we classified material topics based on the three major ESG aspects and made disclosures according to the requirements of the specifications. Apart from obtaining the certification from SGS, a certifying institution, based on GRI, SASB, and TCFD guidelines, the Company engaged KPMG to carry our the assurance of relevant information for four specific indicators (energy management, water resource management, waste management, and occupational injury of employees) in accordance with TWSAE No.1 "Assurance for Audit or Review of Non-historical Financial Information" promulgated by the Accounting Research And Development Foundation. 2. For the preparation principles of the report and the information of the third-party certifying institution, please refer to the 2022 Sustainability Report.	No difference

Evaluation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
VI. Has the Company established its Sustainable Development Best Practice Principles according to the Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies, describe the implementation status and the deviation from the Principles: The Company has established its policies, codes, ESG strategies, and management policies related to corporate governance based on the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” and actual operating requirements and established its ESG objectives for implementation. There is no deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies” regarding the sustainability operations of the Company.				
VII. Other important information that is helpful to understand the implementation status of promoting sustainable development: 1. The Company actively implements sustainability during its operations to align with the international development trend, continues to improve the living quality of employees, communities, and society, and facilitates its competitive strength rooted in sustainability. 2. The Company promotes sustainability, values the interest of stakeholders, and pay more attention to environmental, social, and governance issues while seeking sustainability and profitability. The Company also established its ESG strategies to serve as the ESG/sustainability management policy and set short-term, mid-term, and long-term ESG objectives that are agreed upon by the Board to actively improve its ESG performance and make progress for achieving sustainability. 3. Meanwhile, the Company performs risk evaluations of environmental, social, and corporate governance issues related to the operations of the Company based on the principles of materiality and establishes risk management policies or ESG objectives. 4. For the reinforcement of corporate governance, the Company has established its Corporate Social Responsibility Best Practice Principles, Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles, Procedures for the Prevention of Insider Trading, risk management policy, and information safety policy and management, provided educational training for employees, and reinforced promotions. 5. The Company organized the ESG educational training program of the Group in 2022 to continue improving the basic ESG knowledge of employees and strengthen the sustainability functions of the organization. 6. The website of the Company has a sustainability section and a stakeholder section for stakeholders; the Company periodically discloses material information on ESG/sustainability and performs stakeholder engagement and communication. 7. The Company has established its carbon dioxide reduction objective and established the environmental policies in response to climate change to effectively promote a carbon dioxide reduction plan, improve energy efficiency, improve the use of renewable raw materials and reuse energy, and reduct environmental impacts and negative effects. 8. The Company periodically describes its implementation status for the promotion of its ESG objectives at investor conferences and continues to develop products with sustainability features. In response to climate change, the Company carried out risk impact evaluations related to climate based on the TCFD specifications and identified transition risks and physical risks; we continued to focus on the level of impact of risks and proposed countermeasures for implementation. 9. Regarding ESG performance, the Company has won the recognition of multiple international rating institutions (ECOVADIS, CDP, S&P Global, and Sustainalytics), and we have achieved the standards of sustainability specifications for multiple ESG issues. 10. For the implementation status of climate-related information, please refer to pages 41 to 45 for details.				

Implementation status of climate-related information

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>
1. Describe the supervision and governance of the Board and the management on risks and opportunities related to climate.
2. Describe the effects of the identified climate risks and opportunities on the business, strategies, and finance of the enterprise (short-term, mid-term, and long-term).
3. Describe the effects of extreme weather and transition actions on finance.
4. Describe the method to integrate the identification, evaluation, and management procedures with the overall risk management system.
5. If scenario planning is adopted to evaluate the tolerance to risks of climate change, please describe the scenarios, parameters, assumptions, analytical factors used, and the major financial effects.
6. If there if any transition plan in response to the management of risks related to climate, please describe the content of the plan and the indicators used in identifying and managing physical risks and transition risks and objectives.
7. If internal carbon pricing is used as the planning tool, please describe the foundation for the pricing.
8. If there are objectives related to climate established, please describe the activities covered, the scope of GHG emissions, the schedule, progress each year, and other information. If carbon offset or RECs are used to achieve relevant objectives, please describe the source of carbon dioxide limit offset or the quantity of RECs.
9. GHG inventory and assurance (please otherwise fill in 1-1).
</td><td>
1. The Company made evaluations of risks and opportunities related to climate change in 2021, and the Company adopted the structure based on the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to carry out climate risk identification, relevant financial analysis, and financial quantification, and disclosed impacts of climate change on TSRC and countermeasures.
2. For climate risk management of the Company, the Board is the highest governance body for monitoring, and the executive leadership team, comprising from the senior management of TSRC, is responsible for managing risks and opportunities of TSRC related to climate change. The workforce formed with persons of multiple functions shall execute the risk evaluation and management. The member of the workforce covers finance, HR, R&D, production, business segment, and other functional departments, and they regularly convene meetings to grasp the control and improvement of relevant issued by attaching their focus on the potential effects of climate change on operations.
3. To understand the potential risk and opportunities of climate change on TSRC and respond to the trend of disclosing financial information related to climate change, the Company has referred to international trends and the report and information published by relevant domestic and foreign institutions. Apart from introducing the climate risk evaluation framework under TCFD to include the potential impacts of climate change into our risk management system and establishing risk and emergency management measures, we also actively established our climate strategy and objectives to effectively respond to challenges and grasp the business opportunities related to climate. Finally, the Company has listed 13 climate risks and five opportunities arising from climate transition toward the low-carbon era and evaluated the short-term, mid-term, and long-term effects of various risks on the operation and finance of TSRC, which are summarized as follows:
<table>
<tr><th>Risk category</th><th>Risk aspect</th><th>Risk</th><th>impact of risk</th><th>Strategy and countermeasures</th></tr>
<tr><td>Transitiion risk</td><td>Regulation nad policy</td><td>Increase in GHG emission costs</td><td>In response to policies and regulations related to climate in different countries (i.e., carbon tax, carbon border tax, carbon transaction system, carbon price, and carbon fees), TSRC is required to pay carbon fees, carbon taxes, and carbon border taxes for its products, and is required to make payment when GHG emissions exceed the approved limits; also, relevant control may become more and more stringent, and the fees and carbon tax will be increasing on a yearly basis.</td><td>· Reduce carbon dioxide emission in manufacturing process and products.
· Improve energy use efficiency in manufacturing process and adopt renewable energy.
· Develop renewable raw materials.
· Continue to develop low-carbon solutions</td></tr>
<tr><td>Transitiion risk</td><td>Regulation nad policy</td><td>Increase in requirements and specifications related to sustainability</td><td>The international trends of net zero emission resulted in the increase in relevant sustainability requirements and specifications, affecting the requirements of customers for products and causing TSRC to accelerate its climate actions (i.e., improving the ratio of renewable energy, reducing the carbon footprint of products, improving environmental safety and management, and improving green chemistry and the transparency of relevant information.</td><td>· Facilitate the reduction of the carbon footprint of products.
· Improve energy use efficiency in procedures and adopt renewable energy.
· Develop renewable raw materials.
· Optimize water resource usage.
· Waste reduction management.</td></tr>
<tr><td>Transitiion risk</td><td>Technology</td><td>Cost and expenditures of low-carbon technology transition</td><td>In response to the global trend of sustainable development, TSRC has planned for its low-carbon transition step by step. After an evaluation, the existing or developing carbon dioxide reduction technologies and equipment in the market, costs of relevant low-carbon technologies, maturity of technologies, and large-scale commercialization affect the carbon dioxide reduction costs and investment return of TSRC.</td><td>· Work with our partners and invest in the R&D of high-performance equipment and technologies and product development.
· Replace energy-intensive equipment that is old and obsolete.
· Actively seek talents for low carbon transition and cultivate employees for welcoming the low carbon transition era.
· Evaluate low-carbon investments to invest resources within the tolerable scope of risks.</td></tr>
</table>
</td></tr>
</table>

Item	Implementation status

Risk category	Risk aspect	Risk	Effects	Strategy and countermeasures
Transitiion risk	Market	Changes in customer behaviors	In response to the global trends of net zero and reduction of environmental impacts, customers adopt low-carbon raw materials and products that reduce environmental impacts or required the Company to provide products and services with transparent environmental information.	· Adopt a more efficient transportation model. · Develop low-carbon products and services that reduce environmental impacts. · Provide customized services for customers.
Transitiion risk	Market	Increase in costs of raw materials	In response to the IPCC research report, low-carbon energy will be adopted step by step before 2050, and it is estimated that fossil fuels will be fully abandoned by 2100. In the long run, raw material costs will increase significantly for the value chain of TSRC.	· Continue to require suppliers to carry out climate adjustment and energy transition to build a supply chain with climate resilience. · Continue to develop renewable raw materials.
Transitiion risk	Reputation	Industry stigmatization	With the improvement in consumers’ climate awareness and the concerns exhibited by investors for the sustainable development of enterprises, as well as the preference of stakeholders in low-carbon transition enterprises, it is unfavorable as the public generally has the stereotype that the petrochemical industry has high carbon dioxide emission and high pollution in terms of its carbon dioxide emission.	· Reinforce responses and prevention for climate change. · Disclose information of the Company properly. · Accelerate low-carbon transition and GHG management. · Optimize water resource utilization. · Enhance stakeholder communication.
Transitiion risk	Reputation	Transfer of customer preference	Extreme weather may easily affect the stability of the supply chain, and customers may turn to localized procurement. In addition, customers prefer low-carbon raw materials and products with sustainability features. TSRC is required to understand the requirements of customers and reinforce the competitiveness of relevant products.	· Introduce climate risk evaluations and continue to improve the precautions and response systems of our production plants. · Improve the stability of local supplies. · Reinforce contact with customers and understand their requirements.
Physical risk	Extremity	Increase in extreme weather - rainstorm	The increase in the number of rainstorms and the increase in rainfalls may cause damage to production joints, service interruption, and the inability of employees to work.	· Improve flood protection measures and response measures of production joints. · Establish a human resource adjustment system.
Physical risk	Extremity	Increase in extreme weather - typhoon	The increase in the frequency and severity of typhoons will cause the following effects: · Typhoons may destroy the power system and cause power outages in partial regions, resulting in operation or service interruption. · Typhoons may cause supply chain interruption. · The increase in the premium for assets located in “high-risk” regions results in an increase in operating costs.	· Focus on flood protection and enhance the loss and disaster prevention measures of production plants. · Reinforce emergency response measures · Establish a human resource allocation system. · Improve suppliers' localization.

Item	Implementation status

Risk category	Risk aspect	Risk	Effects	Strategy and countermeasures
Physical risk	Extremes	Increase in extreme weather - drought	Water supply suspension and water resource shortage resulting from drought will cause an increase in water bills, which will affect the water consumption of procedures in our plant and may also cause operation interruption.	· Implement water-saving measures. · Reinforce wastewater recycling from procedures and improve water resource consumption efficiency. · Increase the use of reused water. · Reinforce the emergency management supply system.
Physical risk	Extremes	Increase in extreme weather - Very low temperature	A significant drop in temperature or blizzards may cause the following effects: · Events of cryogenic temperature will cause the fracture of water pipes due to frozen water pipes, equipment, and instruments at production joints, and in turn, result in supply chain interruption. · Road close-down results in the inability of employees to work, which causes a reduction of production capacity and an increase in operating costs.	· Focus on low-temperature protection and improve the loss prevention measures of production joints. · Reinforce the emergency management supply system.
Physical risk	Chronicity	Increase in average temperature	The increase in the dry season in East Asia and the increase in the continuation period of extremely high temperatures due to global climate change will cause the following effects: · Sunstroke or other effects on the health conditions of employees may result in a decrease in work efficiency. · The continuation of high temperatures may also increase the requirements for power consumption or affect production efficacy. · The drought resulting from the continuation of high temperatures will result in the risk of operation interruption.	· Continue to carry out equipment maintenance and power consumption monitoring to maintain the stability of power consumption. · Reinforce water recycling from procedures and improve water resource consumption efficiency. · Reinforce the emergency management supply system.
Physical risk	Chronicity	Rising sea level	Operating and production joints flooded by sea water due to rising sea levels may cause material financial losses.	· Focus on the protection of coastal areas and enhance the loss prevention measures of production joints.

4. The Company has analyzed the potential impacting route of three high risks, including the "increase in GHG emission costs," "cost and expenditures of low-carbon technology transition," and the "increase in requirements and specifications related to sustainability" on our production, sales, procurement, R&D, and other major operating activities to measure the resources for investment and relevant allocations when conducting risk mitigation and adjustment measures.
5. Considering the business strategy of the Company and international trend of carbon reduction, with reference to the climate risk disclosure cases of relevant domestic and foreign benchmark enterprises, we prioritized the "increase in GHG emission costs" to carry out relevant finance impact evaluations, and we carried out the analysis in scenarios of a temperature increase by 2℃ and 1.5℃. With the constantly intensified climate change, policies related to climate (i.e., CBAM to be implemented internationally and the carbon tax to be levied in Taiwan) of different countries will charge fees for GHG emission that exceeds the approved limit; meanwhile, such policies may cause the increase in cost for customers to import our products. In addition, the existence of relevant policies and regulations not only affects TSRC but will also cause impacts on upstream suppliers, and costs of raw material and equipment procurement and power purchase may also be increasing; therefore, TSRC made in-depth discussions and analysis of three aspects, including the increase in the upstream costs, drafts of policies related to climate, and transfer or decrease in customer orders, and evaluated corresponding financial effects. As the policies of the countries are not confirmed so far, the financial impacts are preliminary assumptions, and the Company will update the evaluations on a rolling basis in response to policies and regulations related to climate change and the updates of low-carbon technology development.

Item	Implementation status
	6. TSRC focuses on the low-carbon transition to develop its climate change countermeasures and establish strategies and objectives related to climate. The descriptions are as follows: (1) For the environmental aspect, TSRC has established the carbon dioxide reduction (scope 1 and scope 2) objectives, adopted 2021 as the base year, and set a reduction of 2.5% each year as the target. Through the continual innovation of procedures and the improvement of energy consumption efficiency, the Company aims to achieve a reduction of 22.5% by 2030. The Company also sets a target of having the renewable energy consumption rate of 10% by 2025 and 30% by 2030, making progress toward carbon neutrality. (2) Considering the importance of water resources, the Company is committed to improving wastewater circulation and reuse water ratio, and it is planned to achieve 40% by 2030. (3) For products, TSRC has been continuingly developing products with sustainability features that mitigate impacts on the environment, actively exploring renewable raw materials and their use. We aim to achieve 5% by 2025 and 15% by 2030 to continue reducing the carbon footprint of our products. We also estimate that products with sustainability features would account for 40% of our total sales. (4) For detailed descriptions of the abovementioned objectives, please refer to the 2022 Sustainability Report and the sustainable development section on the Company’ s website. (5) The Company has achieved the annual objectives set regarding the abovementioned objectives. The Company will evaluate environmental impacts, continue to minimize climate risks, and realize relevant mid-to-long-term objectives step by step. (6) For GHG inventory, please refer to the GHG inventory and certification results in 2021 on the following page. Regarding the data in 2022, please refer to the 2022 Sustainability Report and the sustainability section on the Company’ s website.

1.GHG inventory and assurance(Note 1)

Basic data on the Company	Disclosures to be made according to the requirements of the Sustainable Development Roadmap for companies listed on TWSE/TPEx
☐ Companies with a capital of NT$10 billion or above, the steel industry, and the cement industry ☑ Companies with a capital of NT$5 billion or above but less than NT$10 billion ☐ Companies with a capital of less than NT$5 billion	☑ Inventory for the individual parent company ☑ Inventory for subsidiaries in the consolidated financial report ☑ Assurance for the individual parent company ☑ Assurance for subsidiaries in the consolidated financial report

Scope 1	Total emission (ton-CO2e)	Intensity (ton-CO2e per unit product)	Assurance institution	Description of assurance
Parent company (Note 2)	90,211.0986	0.46	DNV GL Business Assurance Co., Ltd. (DNV)	1. The certification is performed based on the standards of ISO 14064-1:2018 and various standards introduced for the purpose of consistency in the identification, calculation, monitoring, reporting, and other procedures of GHG emission that are generally recognized. 2. The course of execution of the certification aligns with the requirements under ISO 14066:2011, ISO 14065:2013, ISO 14064-3:2006, 3. Based on the certification performed in according with the certification standards identified above, DNV considers that the GHG inventory report (ver. 1.0) issued on 27 December 2022 is free of material deviation from the abovementioned certification standards. The opinion is determined based on the following methods: — Regarding the direct GHG emission and the indirect GHG emission of energy input, the reliability of the information in the report was verified for the level of reasonable assurance. — Regarding other indirect GHG emissions, the information involved has been verified and tested by using the agreed-upon procedures (AUP) stated in the report.
Subsidiaries (Note 3)	39,365.0008	0.11		
Total	129,576.0994	0.23		

Scope 2	Total emission (ton-CO2e)	Intensity (ton-CO2e per unit product)	Assurance institution	Description of assurance
Parent company (Note 2)	70,806.1091	0.36	DNV GL Business Assurance Co., Ltd. (DNV)	1. The certification is performed based on the standards of ISO 14064-1:2018 and various standards introduced for the purpose of consistency in the identification, calculation, monitoring, reporting, and other procedures of GHG emission that are generally recognized. 2. The course of execution of the certification aligns with the requirements under ISO 14066:2011, ISO 14065:2013, ISO 14064-3:2006, 3. Based on the certification performed in according with the certification standards identified above, DNV considers that the GHG inventory report (ver. 1.0) issued on 27 December 2022 is free of material deviation from the abovementioned certification standards. The opinion is determined based on the following methods: — Regarding the direct GHG emission and the indirect GHG emission of energy input, the reliability of the information in the report was verified for the level of reasonable assurance. — Regarding other indirect GHG emissions, the information involved has been verified and tested by using the agreed-upon procedures (AUP) stated in the report.
Subsidiaries (Note 3)	360,302.8685	0.98		
Total	431,108.9776	0.77		

Scope 3	Total emission (ton-CO2e)	Intensity (ton-CO2e per unit product)	Assurance institution	Description of assurance
Parent company (Note 2)	400,337.6883	2.06	DNV GL Business Assurance Co., Ltd. (DNV)	1. The certification is performed based on the standards of ISO 14064-1:2018 and various standards introduced for the purpose of consistency in the identification, calculation, monitoring, reporting, and other procedures of GHG emission that are generally recognized. 2. The course of execution of the certification aligns with the requirements under ISO 14066:2011, ISO 14065:2013, ISO 14064-3:2006, 3. Based on the certification performed in according with the certification standards identified above, DNV considers that the GHG inventory report (ver. 1.0) issued on 27 December 2022 is free of material deviation from the abovementioned certification standards. The opinion is determined based on the following methods: — Regarding the direct GHG emission and the indirect GHG emission of energy input, the reliability of the information in the report was verified for the level of reasonable assurance. — Regarding other indirect GHG emissions, the information involved has been verified and tested by using the agreed-upon procedures (AUP) stated in the report.
Subsidiaries (Note 3)	1,005,595.5014	2.73		
Total	1,405,933.1897	2.5		

Note:
1. The GHG inventory of the Company is based on the carbon dioxide reduction objectives of the Group, and 2021 is set as the base year. The 2021 GHG inventory of the Group (the Company and its subsidiaries) was performed based on the internal ISO14064-1:2018 standards, and DNV performed the certification. The Company has carried out an inventory based on the inventory boundary and scope and the principle of materiality in line with the requirements of the international standards; subsidiaries or items that were not included in the inventory have an emission accounting for less than 5% of the total emission. Scope 1 in the above table is category 1 in the report; scope 2 is category 2 in the report; scope 3 is category 3 and category 4 in the report; please refer to the "Statement of GHG Certification" on page 46 of the annual report. As of the printing date, the 2022 GHG inventory of the Group was under external certification; please refer to the 2022 Sustainability Report and the sustainable development section on the Company's website for the actual inventory results and the certification declaration.
2. The parent company includes the GHG emission of the Kaohsiung Dashe Plant, Gangshan Plant, and Taipei Office in Taiwan.
3. The subsidiaries as recognized in the subsidiaries in the consolidated financial report include the GHG emission of Shen Hua Chemical Industrial Co., Ltd, TSRC-UBE (Nantong) Chemical Industrial Co., Ltd., TSRC Specialty Materials LLC, TSRC Nantong Industry Co., Ltd., TSRC (Vietnam) Co., Ltd., TSRC (Shanghai) Industries Ltd., TSRC (Lux.) Corporation S.à r.l., Polybus Corporation Pte Ltd, and offices of subsidiaries.

2. Greenhouse Gas Inventory Management Report

DNV

Independent assurance statement

Statement No.: C563395-2021-AG-TWN-DNV | Issued date: 16 January, 2023 | Page 1 of 2

This is to verify initiate reporting of Greenhouse Gas Inventory Management Report (2021) of

TSRC

Scope of Verification
DNV Business Assurance (DNV) has been commissioned by TSRC to perform a verification of the greenhouse gas assertion of Greenhouse Gas Inventory Management Report (2021) (hereafter the "Inventory Report") with respect to the sites:

site	Address
TSRC Corporation- Global Business Headquarter	18F/24F, 95, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan R.O.C.
TSRC Corporation -Kaohsiung Factory	No. 2, Hsing Kung Rd., Ta-She Industrial District, Kaohsiung City, Taiwan, R.O.C.
TSRC Corporation- Gangshan Factory	No.39, Bengong 1st Rd., Gangshan District, Kaohsiung City, Taiwan, R.O.C
Shen Hua Chemical Industrial Co., Ltd.	No.1 Shen Hua Road, Nantong Economic & Technological Development Zone, Nantong, Jiangsu, P.R.China (PC: 226009)
TSRC (Shanghai) Industries Ltd.	1406 Yu-Shu Road, Songjiang Zone, Shanghai, P.R.C. (PC:201600)
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	No.22 TongWang Road, Nantong Economic and Technological Development Zone, Nantong, Jiangsu, P.R.China (PC: 226017)
TSRC (Nantong) Industries Ltd.	No.22 TongWang Road, Nantong Economic and Technological Development Zone, Nantong, Jiangsu, P.R.China (PC: 226017)
TSRC (Vietnam) Co., Ltd.	No. 8 VSIP II-A Street 31, Vietnam Singapore Industrial Park II-A, Binh Duong Province, Vietnam
TSRC Specialty Materials LLC - Factory in Plaquemine, Louisiana	21255 LA Highway 1, Plaquemine, LA 70765, U.S.A.
TSRC Specialty Materials LLC - Office	23027 Elkana Deane Ln, Katy, TX 77449, U.S.A
TSRC (Lux.) Corporation S.à r.l.	39-43 Avenue de la Liberté L-1931 Luxembourg
Polybus Corporation Pte Ltd.	100 Peck Seah Street, #09-16, Singapore 079333

The scope of indirect emissions, other than Imported Energy with specified/limited list of sources, was defined by TSRC's own pre-determined criteria for significance of indirect emissions, considering the intended use of the GHG inventory:

Category	Subcategory	Boundary
Indirect GHG emissions from transportation	Upstream transportation and distribution of main raw materials	If determined as significant, considering domestic land transportation of main raw materials only paid by TSRC.
Indirect GHG emissions from products used by organization	Purchased goods – main raw materials	If determined as significant, considering upstream emissions of used raw materials defined by each site.
	Water, fuel-and-energy-related activities (not included in Scope 1 or 2)	If determined as significant, considering upstream emissions of purchased tap water, natural gas, LPG, fuel oil and electricity, according to each site related activities.
	Waste generated in operations	If determined as significant, considering emissions from the disposal treatment and transportation of solid and liquid waste.

Verification Criteria and GHG Programme
The verification was performed on the basis of ISO 14064-1:2018. The verification was conducted in accordance with ISO 14066:2011, ISO 14065:2013 and ISO 14064-3:2006.

Verification Statement
It is DNV's opinion that the Inventory Report (2021), which was published on 27 Dec, 2022(ver. 1), is free from material discrepancies in accordance with the verification criteria identified as stated above. The opinion is decided based on the following approaches,
– For the Direct GHG emissions and Indirect GHG emissions from imported energy, the reliability of the information within the Inventory Report (2021) were verified with reasonable level of assurance.
– For the other indirect GHG emissions, the involved information was verified and tested using agreed-upon procedures, AUP, defined in Inventory Report.

Celine Wang
GHG Verifier

Place and date:
Taipei, 16 January, 2023

For the issuing office:
DNV Business Assurance Co., Ltd.
29Fl., No. 293, Sec. 2, Wenhua Rd., Banqiao District, New Taipei City 220, Taiwan

Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.
This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
立恩威國際驗證股份有限公司, 新北市板橋區文化路二段 293 號 29 樓, TEL : +886-2-82537800, website:www.DNV.com.tw
DNV ZNATW-OP-F50, Rev.9, 2021-7

DNV

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Place and date: Taipei, 16 January, 2023

Supplement to Statement

Process and Methodology
The reviews of the Inventory Report and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfilment of stated criteria. The Inventory Report correctly complies with the requirement of ISO 14064-1:2018.

Quantification of Greenhouse Gas Emission
The Inventory Report covering the period 1st January, 2021 to 31st December, 2021, it is DNV's opinion that the Inventory Report results in quantification of GHG emissions that are real, transparent and measurable.

Organizational Boundary of Verification
☐Financial Management Control ☒Operational Management Control ☐Equity Share

GHGs Verified
☒CO_2 ☒CH_4 ☒N_2O ☒HFCs ☒PFCs ☒SF_6 ☒NF_3

Direct Emissions: 129,576.0994 tons CO_2e
Imported Energy Indirect Emissions: 431,108.9776 tons CO_2e
Quantification of the other indirect emissions:

Category	Subcategory	Tons CO_2 e
Indirect GHG emissions from transportation	Upstream transportation and distribution of main raw materials	640.5866
Indirect GHG emissions from products used by organization	Purchased goods – main raw materials	1,294,667.7066
	Water, fuel-and-energy-related activities (not included in Scope 1 or 2)	85,257.8905
	Waste generated in operations	25,367.0060

**The Global Warming Potential (GWP) defined in IPCC AR5 (2013) has been choose.*

Verification Opinion
☒ unmodified
☐ modified
☐ adverse

DNV

Appendix

TABLE 1:
Direct emission

GHG type	GHG Emission (tons CO_2e)							
	CO_2	CH_4	N_2O	HFCs	PFCs	SF_6	NF_3	Total
Total	125,439.4740	179.1384	58.5120	3,898.9750	0.0000	0.0000	0.0000	129,576.0994

TABLE 2:
GHG emission of each site (tons CO_2e)

sites	Category 1	Category 2	Category 3	Category 4	total
	Direct Emissions	Imported Energy Indirect Emissions	Indirect GHG emissions from transportation	Indirect GHG emissions from products used by organization	
TSRC Global Business Headquarter	2.5272	138.7929	NS	25.3539	166.6740
TSRC Corporation -Kaohsiung Factory	90,193.2071	69,251.8330	335.0897	393,735.9772	553,516.1070
TSRC Corporation- Gangshan Factory	15.3643	1,415.4832	2.2749	6,238.9926	7,672.1150
Shen Hua Chemical Industrial Co., Ltd.	5,069.9835	101,334.7349	110.4247	472,963.1760	579,478.3191
TSRC (Shanghai) Industries Ltd.	30.8380	1,751.5281	1.7267	20,260.3731	22,044.4659
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	3,213.3402	80,507.7732	0.5162	162,022.0506	245,743.6802
TSRC (Nantong) Industries Ltd.	9,074.5389	153,827.1280	24.1829	239,657.0274	402,582.8772
TSRC (Vietnam) Co., Ltd.	7.3162	1,820.7305	20.1214	5,768.3182	7,616.4863
TSRC Specialty Materials LLC - Factory in Plaquemine, Louisiana	21,968.5266	20,814.0178	146.2501	104,403.3480	147,332.1425
TSRC Specialty Materials LLC - Office	0.4574	224.5661	NS	117.6798	342.7033
TSRC (Lux.) Corporation S.à r.l.	0.0000	20.8194	NS	99.5043	120.3237
Polybus Corporation Pte Ltd.	0.0000	1.5705	NS	0.8020	2.3725

NS : determined as non-significant

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.
This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.

<7> Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
I. Define the program for operation in good faith (1) Does the Company clearly state the policy and the practice of ethical corporate management in the regulations and external documents when formulating the ethical corporate management approved by the Board of Directors, and do the board of directors and senior management level actively implement the ethical corporate management policy? (2) Does the Company establish an evaluation mechanism for the risk of dishonesty behaviors, regularly analyzes and evaluates business activities with a higher risk of dishonesty behaviors in the business scope. Based on the mechanism, does the Company formulate a plan for preventing dishonesty behaviors, at least covering the preventive measures in the second paragraph of Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM listed companies?" (3) Does the Company clearly set up the operating procedures, behavior guidelines, punishment and appeal system for violations in the plan of preventing dishonesty, implement it, and regularly review and revise the above-mentioned plan?	√ √ √		1. The Board of the Company has established the "Code of Busuness Conduct" and "Code of Ethics" to state the philosophy and principles of ethical corporate management and establish specifications and structures for joint observation. 2. The Company has established the "Risk Management Policy" and assess the risk level of different dishonesty behaviors. Following the assessment, the Company has established regulations such as "Management Procedure for Insider Trading", "Gift, Entertainment & Hospitality Policy"," Conflict of Interest Management Procedure ", "Management Procedure for Antitrust Compliance", "RD Management Procedure" and "Patent Management Procedure", in which specifies the matters to be observed to prevent high risk dishonesty behaviors. In addition, the Company has established the "Supplier Assessment Procedure" to ensure the Suppliers will implement "TSRC Group Supplier Code of Conduct". The above-mentioned rules and regulations fully cover the prevention measures required in paragraph 2, Article 7 of the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". 3. The Company communicates with and requires managerial officers and all employees to comply with the above mentioned rules and regulations through our educational training programs, and the responsible superiors as well as legal, finance, human resource, and other departments shall monitor the execution; the Company also requires employees to regularly disclose and confirm their status of conflict of interest annually for the responsible superiors to make arrangements according to the requirements. 4. The Company also has the "Management Procedure for Whistleblowing" and "Recognition and Discipline Management Procedure" in place to ensure the compliance of the above mentioned rules and regulations by employees.	No difference
II. Fulfillment of operation in good faith (1) Has the Company assessed the ethical record of its partners and stipulated the ethical behavior clause in the contract? (2) Does the company have a dedicated unit to promote ethical corporate management under the Board of Directors, and regularly (at least once a year) report to the Board of Directors about its policy on ethical corporate management, plans to prevent dishonesty and monitor implementation? (3) Has the Company stipulated policies to prevent the conflict of interest, provided an adequate complaint channel and ensured by its proper implementation?	√ √ √		1. For counterparties of business transactions, the Company has established the "Supplier Assessment Procedure" to ensure the Suppliers will implement "TSRC Group Supplier Code of Conduct". 2. The CEO of the Company takes the lead in promoting ethical corporate management. Each year, the implementation status of ethical corporate management is stated in the Sustainability Report and reported to the Board. 3. The Company has established its " Conflict of Interest Management Procedure " that requires Directors, managerial officers, and employees to complete the questionnaires for the disclosure of conflict of interests each year; the Company also organizes promotional training of "Conflict of Interests and Disclosure." For any conflict of interests, such parties involved shall make declarations actively and recuse themselves according to the requirements.	No difference

Assessment Items	Status			Any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Abstract Description	
(4) Does the Company establish an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal auditing system. Based on the results of the assessment of the risk of dishonesty behaviors, the audit unit should draw up relevant audit plans, and based on it, check if the plan of preventing dishonest behavior is followed, or commission an accountant to perform the check? (5) Has the Company regularly organized internal and external education and training concerning ethical management?	√ √		4. The accounting system and the internal control system of the Company are established according to the requirements of the competent authority, and the Company prepares its financial reports according to the International Accounting Standards. The internal audit department regularly evaluates risks and prepares audit plans according to the "internal control system," regularly performs audits regarding the compliance status of the system above, prepares audit reports and submits them to the Audit Committee and the Board. 5. To promote the ethical corporate management policy of the Company and improve the awareness of employees regarding laws related to ethical corporate management, the Company has organized educational training programs in 2022, including "Corporate Governance and Ethics," "Introduction to the Procedures for the Prevention of Insider Trading," "Legal Compliance with the Fair Trade Act," "Unlawful Conduct at Workplace", and "Disclosure of Conflict of Interest and Management System".	
III. Status of the Company's reporting mechanism. (1) Has the Company stipulated a specific reporting and reward system, established a convenient reporting channel and assigned appropriate personnel to the accused? (2) Does the Company establish standard operating procedures of investigations to receive reports, follow-up measures after the investigation is completed, and related confidentiality mechanisms? (3) Has the Company taken measures to protect the reporter from being wrongfully treated?	√ √ √		Company has established its "Management Procedures for Whistle-blowing", set up a public whistle-blowing mailbox on its corporate website, appointed ded-icated personnel for handing the whistle-blowing cases, and carried out investigations by keeping the identity of whistle-blowers confidential; in addition, the Company explicitly prohibits retaliation against whistle-blowers. For any illegal or unethical behaviors, the Companyt will investigate and discipline the violator in an objective, just and rigorous manners. The Company will upgrade relevant regulations and management procedures based on the learnings of any violations so that we can keep that happening again. The Company will take legal actions to protect its rights, interests and good reputation, if necessary.	No difference
IV. Enhance the disclosure of information Has the Company disclosed the performance of its ethical management on the Company website and the MOPS?	√		The Company discloses its "Code of Business Ethics", "Code of Ethics" relevant management procedures, and the implementation status on the corporate website.	No difference
V. If the Company has defined its ethical corporate management practice in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please state the operation thereof and difference between the Principles and the practice defined by the Company: The Company operates in accordance with the "Code of Ethical Conduct" and the "Ethical Corporate Management Best Practice Principles," and there is no deviation.				
VI. Any other important information helpful to comprehend the Company's operation in good faith: None.				

<8> Stipulations of Corporate Governance Best Practice Principles and related regulations

The Company has established it' s "Corporate Governance Best Practice Principles," "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Articles of Incorporation," "Rules for Procedure for shareholders' Meetings," "Rules of Procedure for Board of Directors Meetings," "Rules for Director Election," "Procedures for the Acquisition and Disposal of Assets," "Procedures for Loan to Others," "Procedures for Endorsement and Guarantee," "Charter of Audit Committee," "Charter of Remuneration Committee," "Risk Management Policy," "Procedures for the Prevention of Insider Trading," and "Procedures for Whistle-blowing Management." For more information, please visit our website (http://www.tsrc.com.tw).

<9> Other crucial information to better understand the implementation of corporate governance.

1. In-service Training

Job title	Name	Date of Training	Organizer	Program(s)	Hours
Chairman	Nita Ing	September 8, 2022	Securities & Futures Institute	The Post Pandemic New Normal	3
		November 22, 2022	Securities & Futures Institute	Directors' Duties and the Development of Corporate Governance	3
Director	John Huang	September 8, 2022	Securities & Futures Institute	The Post Pandemic New Normal	3
		November 22, 2022	Securities & Futures Institute	Directors' Duties and the Development of Corporate Governance	3
Director	Chin-Shan Chiang	September 8, 2022	Securities & Futures Institute	The Post Pandemic New Normal	3
		November 22, 2022	Securities & Futures Institute	Directors' Duties and the Development of Corporate Governance	3
Director	John T. Yu	May 4, 2022	Taiwan Corporate Governance Association	How to Prevent Internal Concerns – Analysis of Internal Investigations of Enterprises	3
		August 3, 2022	Taiwan Corporate Governance Association	Investigation Bureau - Corruption Eradication Mindset of Enterprises, Detection Experience, and Case Sharing	3
Independent Director	Robert Hung	September 8, 2022	Securities & Futures Institute	The Post Pandemic New Normal	3
		November 22, 2022	Securities & Futures Institute	Directors' Duties and the Development of Corporate Governance	3
Independent Director	Sean Chao	May 4, 2022	Taiwan Stock Exchange	Twin-Summit Forum	2
		September 8, 2022	Securities & Futures Institute	The Post Pandemic New Normal	3
		October 25, 2022	Taiwan Corporate Governance Association	Research of Material Economic and Trading Issues in 2022 and Prospect	3
		November 22, 2022	Securities & Futures Institute	Directors' Duties and the Development of Corporate Governance	3
Independent Director	Rex Yang	September 8, 2022	Securities & Futures Institute	The Post Pandemic New Normal	3
		November 22, 2022	Securities & Futures Institute	Directors' Duties and the Development of Corporate Governance	3

Job title	Name	Date of Training	Organizer	Program(s)	Hours
Corporate Governance Officer	Chao-Cheng Tsai	March 4, 2022	Taiwan Corporate Governance Association	Analysis of Crucial Information and Responsibility of Annual Report: Viewpoint of Directors and Supervisors	3
		August 19, 2022	Taiwan Corporate Governance Association	Case Analysis of Corporate Ownership	3
		September 8, 2022	Taiwan Corporate Governance Association	The Post Pandemic New Normal	3
		October 5, 2022	Securities & Futures Institute	Promotion and Explanation Session of Legal Compliance with Insider Equity Transaction Laws in 2022	3
		November 15, 2022	Taiwan Corporate Governance Association	Ownership Fight and Preventive Strategy Analysis	3
		November 22, 2022	Securities & Futures Institute	Directors’ Duties and the Development of Corporate Governance	3

2. **The Company continues to reinforce its corporate governance operations; for the investor relations section on the corporate website, the Company established relevant rules for corporate governance and provide material resolutions made by the Board for investors’ reference.**
3. **Procedures for handling material inside information**

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

<10> Implementation of the Company's internal control system

1. A statement of Internal Control

TSRC Corporation
A statement of Internal Control

Date: March 9, 2023

In accordance with the result of self-evaluation of the internal control system in 2022, the Company hereby declares as follows:

1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and managerial officers, and that the Company has already established such a system. The purpose is to provide reasonable assurance regarding the achievement of objectives such as the effectiveness and efficiency of business operations (including profitability, performance, and security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and by laws.
2. There is limitation inherent to internal control system, no matter how perfect the design is. As such, effective internal control system may only reasonably ensure the achievement of the aforementioned goals Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls system. The internal control system of the Company features the self-monitoring mechanism. Once identified, any shortcomings will be corrected immediately.
3. The Company judges the effectiveness of the internal control system in design and enforcement in accordance with the “Criteria for the Establishment of Internal Control System of Public Offering Companies” (hereinafter referred to as “the Criteria”) promulgated by the Securities and Futures Commission of the Ministry of Finance. The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control system. There are five components of effective internal control as specified in the Criteria with which the procedure for effective internal control is composed by five elements, namely, 1. Control Environment 2. Risk Evaluation 3. Control Operation 4. Information and Communication and 5. Monitoring. Each of the elements in turn contains certain audit items, and shall be referred to the Criteria for detail.
4. The Company has adopted the above criteria for the internal control system to assess the effectiveness of the design and operation of its internal control system.
5. In accordance with the aforesaid evaluation result, the Company believes that the internal control system as of December 31, 2022 (supervision and management over subsidiaries), including understanding the effect of operation, the attainment rate and report of the efficiency goal are reliable, timely, and transparent, and the design and implementation of the internal control system are in compliance with the regulations and effective and reasonably ensure the attainment of the aforesaid goals.
6. This statement of declaration shall form an integral part of the annual report and prospectus on the Company and will be announced. If there is any fraud, concealment and illegal practice discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchanges Act.
7. This statement of declaration has been approved by the Board on March 9, 2023 with presence of 7 directors at unanimous consent.

TSRC Corporation

Chairman: Nita Ing

CEO: Joseph Chai

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

<11> If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices: no

<12> The important resolutions made by shareholders' regular meetings and board of directors' meeting in 2022 and until the annual report being published.

1. The important resolutions made by shareholders' regular meetings in 2022	The status of implementation
(1) To adopt the 2021 Business Report and Financial Statements (including the report of the changes in accounting estimates)	Resolutions adopted.
(2) To adopt the 2021 earnings distribution	Resolved, by the Board of Directors, to set July 25, 2022 as the ex-dividend date for the distribution of cash dividends of NT$2.4 per share and the payment date is August 5, 2022.
(3) Proposal for the amendment to the "Articles of Incorporation" of the Company	Became effective after the resolution was made at the shareholders' meeting
(4) Proposal for the amendment to the "Procedures for Acquisition or Disposal of Assets" of the Company	Became effective after the resolution was made at the shareholders' meeting

2. Important resolutions made by board of directors' meetings	
Date	Important resolutions
May 5, 2022	Resolved to approve the financial report for the 1st quarter of FY2022.
August 4, 2022	Resolved to approve the financial report for the 2nd quarter of FY2022.
November 3, 2022	Resolved to approve the financial report for the 3rd quarter of FY2022.
December 16, 2022	Resolved to approve the disposal of the equity of its investee Changzhou Asia Pacific co-generation Power Co., Ltd. by our investee Asia Pacific Energy Development Company limited.
March 9, 2022	Resolved to adopt the consolidated financial statements for FY2022. Resolved to adopt the 2023 annual meeting of shareholders. Resolved to adopt the earnings distribution for FY2022.

<13> Whether any director or supervisor has shown dissent against any important resolution made by the Board of Directors, which is also included in a written statement or recorded resolution in 2022 and until the annual report being published : None

<14> In the year of 2022 and as of the date of publication, the resignation and dismissal of the Company's chairman, chief executive officer, chief of accountant, chief financial officer, chief of internal audit, chief of corporate governance and chief of research and development: None

V. Information regarding TSRC’ s audit fees

<1> Information about audit fee and non-audit fee paid to CPA and the accounting firm, and its affiliates:

Unit: thousand NTD

Name of the accounting firm	Name of the CPA	CPA's audit period	Audit fee	Non-audit fee	Total	Remarks
KPMG Taiwan	Ming Hung Huang Lin Wu	January 1, 2022 to December 1, 2022	8,405	5,436	13,841	Non-audit fees are primarily fees related to ESG assurance and consultation and tax certification fees.

<2> The audit fees paid for the fiscal year with accounting firm changed has decreased compared to the previous year : Not applicable

<3> If the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more : Not applicable

VI. Information on replacement of CPA-None

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

VIII. Changes in equity of Directors, managers, and major shareholders

Job title	Name	2022		As of April 2, 2023	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman	Nita Ing	-	-	-	-
Director Corporate representative of the director Corporate representative of the director	Wei-Dar Development Co., Ltd. Nita Ing John Huang	- - -	- - -	- - -	- - -
Director Corporate representative of the director Corporate representative of the director	Han-De Construction Co., Ltd. Chin-Shan Chiang John T. Yu	- - -	- - -	- - -	9,604,000 - -
Independent Director	Robert Hung	-	-	-	-
Independent Director	Sean Chao	-	-	-	-
Independent Director	Rex Yang	-	-	-	-
CEO	Joseph Chai (Note1)	-	-	-	-
Sr. Vice President	Wing-Keung Hendrick Lam	-	-	-	-
Vice President	Edward Wang	-	-	-	-
Vice President	Qiwei Lu	-	-	-	-
Vice President	Kevin Liu	-	-	-	-

Job title	Name	2022		As of April 2, 2023	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Vice President	Chi-Wei Hsu	-	-	-	-
Vice President	De-Bei Wang	-	-	-	-
Corporate Governance Officer	Chao-Cheng Tsai	-	-	-	-

Information on the transfer or pledge of equity interests: None.

IX. Disclosure of Interrelationship among top 10 largest shareholders

April 2, 2023

Name	Share(s) held personally		Shares currently held by their spouses and children of minor age		Shares held in another person's name		Names and relationship of any of the top ten shareholders and their spouses or relatives of 2nd degree of relationship who are related defined in the Statement		Remarks
	Share (s)	(%)	Share (s)	(%)	Share (s)	(%)	Name/name	Relationship	
Bunker Industry Inc. Representative: Tu De Ping	69,524,417	8.41	0	-	0	-	Han-De Construction Co., Ltd. Wei-Dar Development Co., Ltd. Tamerton Group Limited Miriton Investment Limited	Related-party	
Han-De Construction Co., Ltd.	63,093,108	7.64	0	-	0	-	Bunker Industry Inc. Wei-Dar Development Co., Ltd. Tamerton Group Limited Miriton Investment Limited	Related-party	
Chairman: MaoShi Corporation							Wei-Dar Development Co., Ltd.	Chairman of the same person	
Wei-Dar Development Co., Ltd.	53,708,923	6.50	0	-	0	-	Bunker Industry Inc. Han-De Construction Co., Ltd. Tamerton Group Limited Miriton Investment Limited	Related-party	
Chairman: MaoShi Corporation							Han-De Construction Co., Ltd.	Chairman of the same person	
Formosa Petrochemical Corporation Chairman: Po-Lang Chen	41,201,000	4.99	0	-	0	-	No	No	
Fubon Life Insurance Co., Ltd. Chairman: Richard M. Tsai	37,156,000	4.50	0	-	0	-	No	No	

Name	Share(s) held personally		Shares currently held by their spouses and children of minor age		Shares held in another person's name		Names and relationship of any of the top ten shareholders and their spouses or relatives of 2nd degree of relationship who are related defined in the Statement		Remarks
	Share (s)	(%)	Share (s)	(%)	Share (s)	(%)	Name/name	Relationship	
Tamerton Group Limited Representative: Wang, Hui-Ling	34,578,143	4.19	0	-	0	-	Bunker Industry Inc. Han-De Construction Co., Ltd. Wei-Dar Development Co., Ltd. Miriton Investment Limited	Related-party	
Hao Ran Foundation Chairman: Nita Ing	28,171,319	3.41	0	-	0	-	No	No	
Cathay Life Insurance Co. Ltd. Responsible person: Tiao-Huei Huang	20,103,000	2.43	0	-	0	-	No	No	
Miriton Investment Limited Representative: Wang,Hui-Ling	14,151,148	1.71	0	-	0	-	Bunker Industry Inc. Han-De Construction Co., Ltd. Wei-Dar Development Co., Ltd. Tamerton Group Limited	Related-party	
Citibank Taiwan in custody for Norges Bank	12,045,826	1.45	0	-	0	-	No	No	

X. Equity investment and shareholding information held by the Company, its directors, managers and directly/indirectly owned subsidiaries

Unit: shares; %

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

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

Information on capital raising activities

I. Capital and shares

<1> Source of capital stock

April 2, 2023

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

Year/ month	Issue price (NTD)	Authorized stock capital		Paid-in capital		Remarks		
		Shares(s) (1,000 shares)	Amount (NTD1,000)	Shares(s) (1,000 shares)	Amount (NTD 1,000)	Source of stock capital	Property other than cash offset against capital	Other
August 1989	10	274,068	2,740,679	274,068	2,740,679	NTD 357,480,000 transferred from earnings		
October 1991	10	306,956	3,069,560	306,956	3,069,560	NTD 328,881,000 transferred from earnings		
August 1995	10	550,000	5,500,000	369,700	3,697,000	NTD 627,440,000 transferred from earnings		
July 1997	10	550,000	5,500,000	502,900	5,029,000	NTD 1,332,000,000 transferred from earnings		
July 1998	10	750,000	7,500,000	580,487	5,804,870	NTD 775,870,000 transferred from earnings		Authorized stock capital includes convertible corporate bonds totaling 100 million shares
July 1999	10	750,000	7,500,000	609,511	6,095,114	NTD 290,244,000 transferred from earnings		June 29, 1999 Approved by the official letter under (88) Tai-Tsai-Cheng (1) No. 59287
June 2006	10	750,000	7,500,000	649,909	6,499,095	NTD 403,981,000 transferred from earnings		Approval by letter under Chin-Kuan-Cheng-Yi-Tze No. 0950124967 dated June 20, 2006
June 2011	10	900,000	9,000,000	714,900	7,149,004	NTD 649,909,000 transferred from earnings		Approval by letter under Chin-Kuan-Cheng-Yi-Tze No. 1000028593 dated June 22, 2011
June 2012	10	900,000	9,000,000	786,390	7,863,904	NTD 714,900,000 transferred from earnings		Approval by letter under Chin-Kuan-Cheng-Yi-Tze No. 1010027239 dated June 19, 2012
June 2014	10	900,000	9,000,000	825,709	8,257,099	NTD 393,195,000 transferred from earnings		Approval by letter under Chin-Kuan-Cheng-Yi-Tze No. 1030023928 dated June 25, 2014
June 2019	10	1,200,000	12,000,000	825,709	8,257,099			

April 2, 2023

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

Information related to general report system-Not applicable

<2> Shareholders' structure

April 2, 2023

Shareholder's Structure / Quantity	Government Agencies	Financial Institutions	Other juridical persons	Individual	Foreign Institutions & Natural Persons	Total
Number of persons	5	28	244	76,408	297	76,982
Share(s)	5,008,024	80,862,736	212,014,926	298,785,488	229,038,804	825,709,978
Stake(%)	0.61	9.79	25.67	36.19	27.74	100.00

<3> Diffusion of ownership

Par value NTD10/ April 2, 2023

Range of shares held	Number of shareholders	Shares held	Stake (%)
1- 999	38,146	6,485,132	0.79
1,000- 5,000	27,384	60,142,441	7.28
5,001- 10,000	5,832	43,602,742	5.28
10,001- 15,000	2,028	25,290,439	3.06
15,001- 20,000	1,086	19,644,401	2.38
20,001- 30,000	957	24,114,537	2.92
30,001- 40,000	392	13,853,522	1.68
40,001- 50,000	268	12,288,339	1.49
50,001- 100,000	501	35,742,091	4.33
100,001- 200,000	193	26,894,696	3.26
200,001- 400,000	94	24,894,179	3.01
400,001- 600,000	35	17,097,158	2.07
600,001- 800,000	9	6,287,766	0.76
800,001- 1,000,000	6	5,558,000	0.67
1,000,001 above	51	503,814,535	61.02
Total	76,982	825,709,978	100.00

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

<4> Major shareholders

April 2, 2023

Shares / Shareholders	Shares held	Stake (%)
Bunker Industry Inc.	69,524,417	8.41
Han-De Construction Co., Ltd.	63,093,108	7.64
Wei-Dar Development Co., Ltd.	53,708,923	6.50
Formosa Petrochemical Corporation	41,201,000	4.99
Fubon Life Insurance Co., Ltd.	37,156,000	4.50
Tamerton Group Limited	34,578,143	4.19
Hao Ran Foundation	28,171,319	3.41
Cathay Life Insurance Co. Ltd.	20,103,000	2.43
Miriton Investment Limited	14,151,148	1.71
Citibank Taiwan in custody for Norges Bank	12,045,826	1.45

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

Unit: NTD

Fiscal year / Item			2022	2021	As of April 2, 2023
Market price per share	Maximum		41.1	43.9	30.65
	Minimum		25.0	19.5	26.65
	Average		30.21	30.67	28.39
Net worth per share	Before distribution		22.44	21.83	-
	After distribution		21.36(Note 1)	19.43	-
Earnings per share	Weighted average share(s)		825,709,978	825,709,978	825,709,978
	EPS	Before adjustment	2.16	4.76	-
		After adjustment	2.16(Note 1)	4.76	-
Dividends per share	Cash dividend (Note 1)		1.08	2.40	-
	Dividends (Note 1)	Dividend distributed from earnings	-	-	-
		Dividend distributed from additional paid-in capital	-	-	-
	Cumulative outstanding dividends(Note 2)		-	-	-
Cash dividend yield	Price-earnings (P/E) ratio (Note 3)		13.99	6.44	-
	Price-dividend (P/D) ratio(Note 4)		27.97	12.78	-
	Cash dividend yield(Note 5)		3.57	7.83	-

Note 1: The amount decided by the board of directors on March 9, 2023.
Note 2: Requirements for issue of securities provide that the unappropriated dividends in the current year may be cumulative and distributed in the year of earnings, and only the outstanding cumulative dividends in the current year shall be disclosed.
Note 3: P/E ratio=yearly average closing price per share/EPS
Note 4: P/D ratio=yearly average closing price per share/Cash dividend per share
Note 5: Cash dividend yield=cash dividend per share/yearly average closing price per share

<6> Company Dividend Policy and Implementation

1. Dividend policy

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

If the Company allocates dividends for shareholders, the cash dividend shall exceed twenty percent of the total allocated amount.

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

Cash dividends to be distributed are NTD 1.08 per share.

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

<8> Employees' compensation and directors' remuneration

1. In accordance with the Article 28-1 of the Company's articles of incorporation, if there is profit for the year, the Company should contribute more than 1% of its profit as employees' compensation, and less than 1% as directors remuneration. The related regulations on distribution of employees' compensation and directors' remuneration were approved by the board of directors.
2. The amount of the employee's compensation in 2022 is estimated at a certain ratio according to the profit and loss of the current year. The remuneration of the director is accounted for by the expected amount. If there is a discrepancy between the above-estimated amount and the actual issued amount, it will be treated according to the changes in accounting estimates and recorded in the year of issuance.。
3. Board of Director Resolutions on Compensations:

(1) According to the resolution made at the 12^{th} meeting of the 17^{th} Board, the employees' remuneration in cash for 2022 is NT$130,999 thousand; according to the resolution made at the 13^{th} meeting of the 17^{th} Board, the Directors' remuneration for 2022 is NT$11,857 thousand; the amounts are in line with the estimated amounts during the year of recognition.

(2) The Company does not distribute employees' remuneration in stock before 2022.

4. The actual distribution of the remunerations of employees, Directors, and supervisors for the preceding year:

In 2021, the Company distributed remunerations of employees in cash of NT$171,609 thousand and remunerations of Directors in cash of NT$22,677 thousand; the amounts are in line with the estimated amounts during the year of recognition.

<9> Share repurchases: None

II. Corporate bonds - None

III. Preferred stocks Status - None

IV. Global depository receipts Status - None

V. Employee stock warrants Status - None

VI. Restricted Stock Awards Status - None

VII. Status of issuance of new shares for mergers or acquisitions of other companies - None

VIII. Status of capital utilization - None

Overview of business operations

I. Business overview

<1> Business Scope

1. **Major business and product lines:**

   The business focuses on developing, manufacturing and selling various synthetic materials, including:

   (1) Synthetic rubber and elastomers: E-SBR, S-SBR, BR and TPE

   (2) Applied Materials

2. **Product Portfolio**

Unit: thousand NTD

Items	Revenue in 2022	Total Turnover(%)
Synthetic rubber and elastomers	33,119,706	98
Applied materials	721,491	2
Total	33,841,197	100

3. **Planned Developments of New Products**

   1. Continue to develop microstructure control technology for the next generation S-SBR products used in eco-friendly, high performance EV tires.
   2. Continue research into BR platform, expand product applications, fulfill customer demands for shoe materials and plastic modifications, and increase product performance.
   3. Develop differentiated SBC products such as high-end medical grade materials, hygiene product materials, lubricant viscosity modifiers, and other TPE products with high added-value.
   4. Develop functional film for medical and electronic products to satisfy different customers' needs.

<2> Industry Overview:

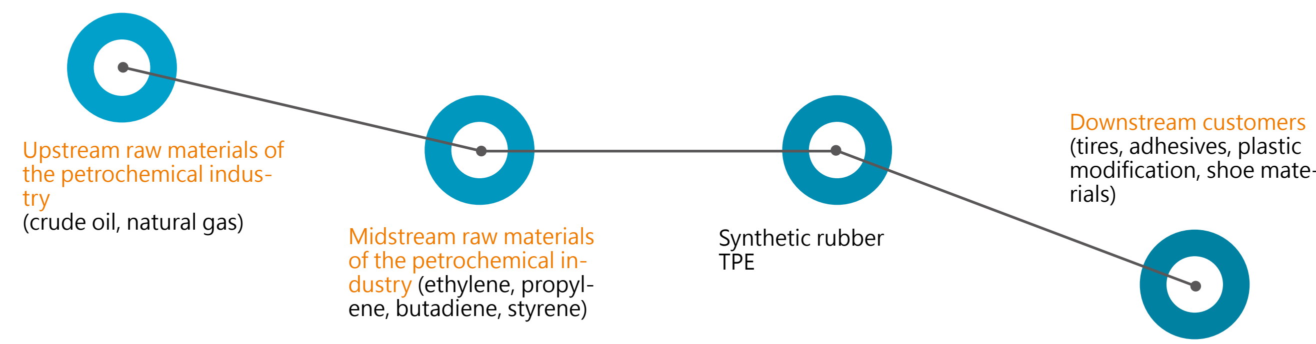
1. **Global Economic Environment**

In 2022, facing the unsettling geopolitical conflict, the rising costs, the remaining effects of COVID-19, and other challenges, the consumption demand recorded a slowdown due to the decrease in substantial purchasing power Most enterprises have been dealing with those pre-order during the supply chain congestion, and the global economic growth rate continued slowdown. The Fed lift rates against inflation and correct the price of raw material products. In 2022, the Fed made upward adjustments to the benchmark interest rate by 4.25% in total. In close proximity to the war, Europe was impacted by the rising energy price; in 2022, the ECB made upward adjustments to the interest rate by 2.5% in total. In 2022, the required reserve ratio for financial institutions in Mainland China had a downward adjustment by 0.5%, maintaining a relatively easing monetary policy. In 2022, the Central Bank of Taiwan made upward adjustments by 0.625% in cumulation and adjusted its monetary policy in due course by setting the inhibition of the inflation rate as the objective.

Looking into 2023, global economic growth and international political and economic status still face high uncertainties. With the ongoing Russian-Ukraine War, political and economic conflicts between the U.S. and mainland China, and the unsatisfactory modifications to inflation, European and American economies have not disclosed their intention to cut the interest rate. IMF and OECD estimated that global economic growth would be 2.7% and 2.2%, respectively. OECD estimated that the economy of America and Europe regions would slowly recover; as Mainland China continues to lift pandemic restrictions, it is estimated that the Asia region would drive economic growth; major economies would have been inconsistent with economic recovery pace. In 2023, EIA estimated that the price of Brent Crude would average at US$82.5 per barrel (a downward adjustment by 18.3%); it is estimated that the price would maintain due to the Russian crude oil embargo implemented by the EU in the first half of the year, and the price would drop due to the rebound in inventories in the second half of the year.

In response to the impact and effects of climate change, COP27 continues to call for the carbon emissions reduction and energy transition and the implementation of CBAM. The "Greenhouse Gas Reduction and Management Act" was passed in January 2023 in Taiwan; the Act states the systems related to net zero carbon emission by 2050 and the addition of carbon tax and urges enterprises to commit to minimizing the impact of their operating activities on the environment and grasping the transition opportunities for the low-carbon era.

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



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

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

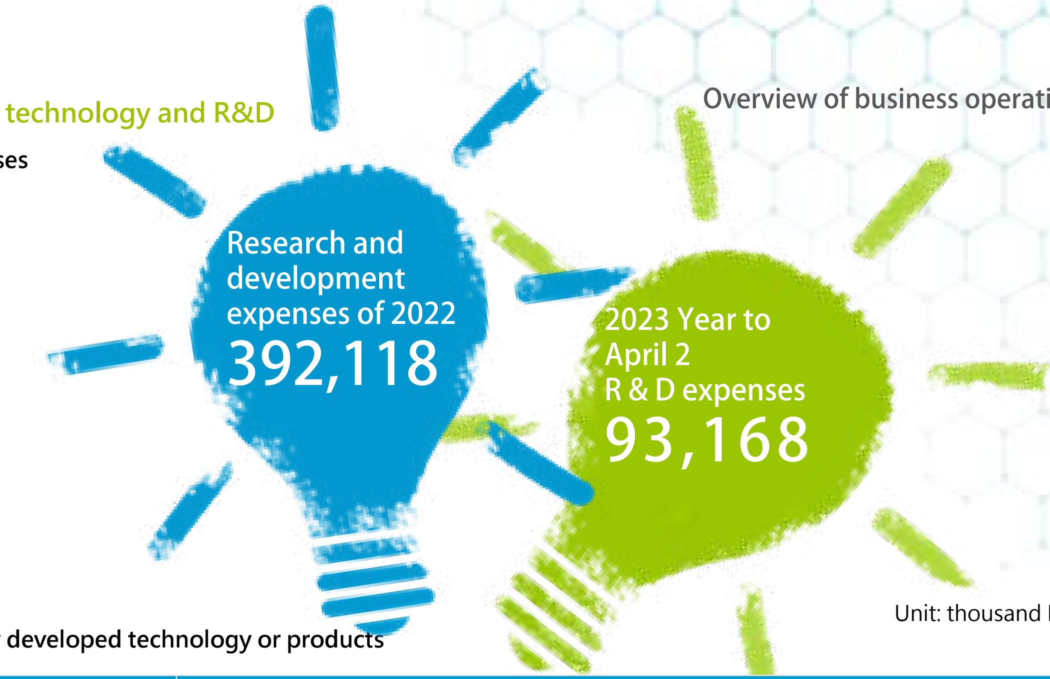
In 2022, due to the shortage of automotive chips in Europe and the U.S., the sales volume of the global automotive industry recorded a slight decline as compared to last year. According to the estimation by LMC, the global automotive sales volume in 2022 was approximately 80,360,000 vehicles, representing a decline of 1.01% as compared to 2021. In the second half of the year, as Mainland China market benefited from the policy of a 50% tax reduction for the acquisition of domestic passenger vehicle, the CAAM estimated that the automotive sales was approximately 26,860,000 vehicles in Mainland China, representing an increase of 2.1% as compared to the sales volume in 2021.

Under inflation, pandemic control policies in Mainland China, geopolitical conflicts, and other uncertainties, end consumers tightened purchasing and downstream customers continued destocking, which indirectly affected the demand for raw materials (including synthetic rubber). Subject to the demand slowdown, LMC estimated that the global demand for synthetic rubber was a slight growth of approximately 0.9% in 2022. Through sales and operation planning, comprehensive logistics planning, and cross-region production deployment, the Company actively satisfied customers' demands under the backdrop of uncertain end demand and worked closely with key customers in terms of supply, technical services, transportation, and cost management to further reinforce its competitive strength.

Looking into 2023, economic growth is expected to slow down, and the increasingly stringent requirements of environmental safety and health regulations, the increase in the costs of carbon emission, and other factors will intensify the challenges faced by enterprises. However, with the release of pandemic control measures in Mainland China and the complete clearance of inventories of the supply chain, it is estimated the market demand will slowly recover. The global sales of automotives is expected to return to positive growth after the chip shortage is solved, and the demand for downstream tires and rubber will increase accordingly; it is estimated that the sales is likely to increase. The synthetic rubber business will continue to develop green energy-saving tire materials and expand non-tire applications to strengthen our core competitiveness. The profit of the TPE business continues the dropping trend, and the room for profits is squeezed due to the increase in the additional production capacity; in particular, the impact of "price wars" in the low season would become more frequent. In the following three to five years, due to the "refining-chemical integration" policy adopted in Mainland China, additional downstream supporting products would continue to be put into production, and a significant surge in the supply in the future is a certain trend; therefore, the intensified market competition is expected. Nonetheless, due to the investments in ESG product development by enterprises, the improvement in environmental protection awareness, regulatory requirements, and the popularity of e-commerce, the growing speed of demand for plastic modification, adhesive, film, medical products, and other applications of TPE will remain higher than other materials.

<3> Overview of technology and R&D

1. R&D expenses



Unit: thousand NTD

2. Successfully developed technology or products

Item	Result
Patents	· There are 10 patents granted for this year.
Development of new generation rubber materials	· Successfully introduced the development of new-generation products and provided customized products to customers through functionalization and the micro-structure control technical platform. The products have passed the certification of global plants of major international brands and were officially released for sale.
Application and development of tires for energy-saving and new energy vehicles	· Developed the new generation rubber material solution, covering application research and testing, new energy vehicle tire technical platform and product portfolio, to provide technical knowledge/ services in production to customers. · Successfully promoted the product solution to gain recognition from international customers.
Product optimization - BR	· Optimized the existing formulas and procedures of BR products and explored new application markets. Provided premium processing performance to customers, gained recognition from major companies, and increased business sales orders.
Development of high-value SBC products	· Completed the development of medical materials; international customers have completed testing and medical certification of the product; the product was officially released for sale. · Developed materials for healthcare supplies (i.e., flexible film and flexible non-woven fabrics) to use in diapers, masks, and healthcare supplies; partial products were officially commercialized for sale. · Updated the TSM SIS product line to satisfy the market and align with global regulations.
Development of ESG shoe material	· Applied the supercritical fluid technologies to develop application products that align with ESG. international brands are carrying out relevant certifications.
Compounds for medical use	· Completed the commercialization of medical HSBC compounded materials that are used in the film, tubes, and rubber plugs of transfusion systems; meanwhile, jointly developed end applications with high added value with global customers.
Specialty film application	· Completed commercialization of the specialty film and continued to jointly develop innovative applications in different industries with international customers.
Compounds for special applications	· Completed the development of a series of compound, and gained qualification by international sports shoes brands to use used such materials in its all series of products; actively explored the emerging applications in the glasses and transportation industries.
Development of cutting-edge process technologies	· Continued to optimize the performance of the existing production line, which not only reduces energy consumption but also improves production output; meanwhile, provided premium products to customers. · Completed the new manufacturing process development, which will be adopted in the new plant to improve production out with better energy efficiency.

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

To realize High-Value transformation and in response to the increasing global awareness of ESG, the Company' s major R&D direction will focus on developing new products and new technologies with high added-values by using advanced environmental protection process, to allow products and services of the Company to gain customers' satisfaction and solve issues of customers arising from the use of rubber, creating the niche for mutual benefits. The substantial development plan includes:

1. Long-term plan:

(1) Continue reinforcing the technology platform/ customer relationship and establish differentiated competitive strength; combine the development of downstream industries and customers' requirements to develop high value-added products, including materials for EV tire, high-end shoe, medical grade TPE, protection films, and elastic non-woven fabric, so as to improve the diversity of our product profile and enter the new segregation market for application.

(2) Target key end-market applications and collaborate with customers' R&D teams to jointly develop high-value innovative products, serving as a total solution provider for the customers.

(3) Upgrade manufacturing equipment and the utilization of raw materials to improve production efficiency and production costs optimization.

(4) Continue examining synthetic rubber market dynamics and customer needs while exploring opportunities in new products, market, and applications, and evaluate opportunities of upstream and downstream strategic alliances.

(5) Offer local supply and customer services for target market industries and supply chain in order to strengthen TSRC' s market position and expand customer base.

(6) Expand our global layout and accelerate the development and product commercialization of specialty chemical applications through the newly established Global R&D Center in Texas, the U.S.A.

(7) Evaluate the possibility of using bio-feeds, dissoluble packaging materials, and other environmental-friendly materials in product process and increase the ratio of renewable energy and the recycle water in use.

(8) Continue the technical exchanges and collaboration with academia and customers to enhance product value or conduct commissioned research under contracts with academia to improve process technology.

(9) Develop relevant application market of renewable plastics, including using the existing TPE to improve renewable materials' shock-resistance strength and elongation at break, extending the useful life of products. At the same time, develop application solutions related to renewable compounds and fully recyclable materials.

2. Short-Term Plan:

(1) As countries, including the EU, Japan, and mainland China, have promoted the environmental tire label one after another, we formed the S-SBR project R&D team to continue focusing on developing and promoting the S-SBR market position with low rolling resistance and good traction performance; meanwhile, we will reinforce S-SBR and other special synthetic rubber product portfolio to respond to the carbon reduction requirements of customers, securing the certification from major tire customers and increasing our market share.

(2) Focus on high-rigidity, high-traction, wear resistance, and low-rolling resistance features for EV tire and continue to develop new products to satisfy the requirements of tire customers.

(3) Penetrate non-tire application fields (i.e., long-term cooperation with the shoe industry and HIPS customers), stabilize sales volume, spread market risks, and continue to provide comprehensive services for customers.

(4) Strengthen the Company' s market positioning by utilizing the production capacity of the Vietnam Plant and its geographical advantages and enter new regions, including India and Southeast Asia; continue expanding our customer base to improve the supply chain benefits.

(5) Comply with the environmental regulations in mainland China and continue to satisfy the requirements of local markets. The production base of Shen Hua will relocate and the expansion of production capacity will be performed; we will continue focusing on the Chinese market and improve our competitiveness.

(6) In response to the industry headwinds, focus on stable quality, close customer cooperation, and supply of high-value products for market segregation to improve the production and processing level of customers and the value chain of products.

II. Market overview and production/sales analysis

<1> Market Analysis

1. Major sales destinations

Unit: thousand NTD/Metric Ton

Name of product	2022		Exported territories
	Sales volume	Sales amount	
Synthetic rubber and elastomers	513,103	33,119,706	Vietnam, Thailand, mainland China, U.S.A., Indonesia.
Applied materials	7,975	721,491	mainland China, Vietnam, Thailand.

2. Market share:

TSRC had ranked NO.7 in the world based on IISRP 2022 Annual Synthetic Rubber Capacity Survey.

3. Industry demand supply and market growth projection

Looking into 2023, the global economy is facing downward pressure. Even though the recovery of the economy in Mainland China is expected to offset the pressure of the falling demand in Europe and the U.S., it is estimated that the short-term investments, consumption, and export of Mainland China will require a certain of time to resume to the higher growing standards; a recovery to the high-speed growth in the past decade would be difficult. In 2023, a high-interest rate is expected to maintain for USD to reduce the pressure of inflation, and it is likely to record an economic slowdown or recession, and in turn, result in the slowdown of downstream consumption growth, and the growth rate would be lower than that of 2022. However, automotive, consumables, adhesives, and other crucial application markets remain the major drivers for the growth in the demand in the synthetic rubber market. Due to the uncertain economic outlook, further plans for putting equipment into production in Mainland China, and the expected slowdown of the market demand in Europe and the U.S., it is estimated to generate pressure on the pricing of products.

In recent years the synthetic rubber industry has been recording supply over demand continuously, resulting in the transition of production capacity of partial competitors to other products or suspension, rendering a relatively balanced supply and demand in the current market. In addition, the demand for automotives and tires in the Asia region remains the high-growth region worldwide; it is estimated that the demand for synthetic rubber will continue to grow. The Company will improve its profitability and performance through customer and product portfolio optimization, order allocation, and production line adjustments.

In 2023, the growth in the demand for SBS will be driven by investments in asphalt, waterproof rolls, and relevant infrastructure. With the production capacity of Sinopec and Luhua put into production, the global rate of operation would reduce to 66%. In 2023, the growth of the demand for SIS is driven by adhesives from e-commerce; however, under the effects of investments in new production capacity by Luhua, the global rate of operation slightly reduced to 82%. The demand for SEBS is expected to grow by 3.2% in 2023; however, with the SEBS equipment of Sinopec, Hainan Refinery, and Xiangjian Petroleum put into production, it is estimated that the pressure on the supplier end will further stand out, and the market competition will intensify; the global rate of operation will drop to 57%; it is estimated that the profits of the production end of SEBS will continue to drop. The overall TPE market is affected by the fluctuation of raw material prices, products and the changes in downstream competition status. In 2023, the overall profits of the industry chain shrank, and the cost would impose a certain hindrance in downward conduction.

4. Competitive positioning, future development factors and actions

E-SBR and BR are matured products with insignificant differences between products made by different companies, and the cost of raw materials is the key to profits. The Company has no upstream integration advantage, and our profit is materially affected by the trend of raw material prices, in particular, butadiene. In recent years, there have been multiple additional production capacities for butadiene in the Asia region, which is likely to reduce the cost gap between non-vertically integrated companies and vertically integrated companies and improve sales. Furthermore, the Company actively explores overseas markets and develops non-tire markets.

Conservatism and the geopolitical tension increased the risks of supply chains. The focus of the supply chain turns from the optimum production cost to diverse and local supply for stability. The Company has multiple production joints worldwide and is able to effectively reduce the risk of supply interruption for customers and optimize the cost arising from the increase in trade disputes and carbon taxes.

Alongside the transforming policies and the improvement in the environmental protection awareness of consumers, environmental-friendly features, environmental and toxic-free, carbon reduction, and consumption reduction have become the development trend for the application of downstream products. Under the appeal of circular economy, simplifying raw material categories of products to improve recyclability and the use of renewable materials have become the development focus. The abovementioned trend is beneficial for customers to convert their materials to high-performance TPE and applied materials and, in turn, improve the growing speed of market demand.

In response to the competition related to the additional production capacity of TPE and equal consideration to short-term and long-term efficacy, the Company carries out production efficiency improvement and market and solution package diversification, including the solution to improve new high-end technology for hydro-TPE and blended materials, to improve the Company's profitability step by step.

<2> Important application and manufacturing processes of main products

1.Main product important use:

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

2.Outline of production process:

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

<3> Supply of main raw materials

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

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

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

There was no supplier or customer accounted for 10% or more of the Company's total purchases or sales value in the most recent two years.

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

Unit: thousand NTD/Metric Ton

Product	2022			2021		
	Capacity	Output	Output value	Capacity	Output	Output value
Synthetic rubber and elastomers	586,600	531,949	27,289,140	586,600	548,218	24,725,605
Applied materials	23,731	8,077	593,308	23,731	13,920	874,293
Total	610,331	540,026	27,882,448	610,331	562,138	25,599,898

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

Unit: thousand NTD/Metric Ton

Product	2022				2021			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Synthetic rubber and elastomers	342,625	21,902,238	170,478	11,217,468	357,932	21,016,189	177,306	10,424,663
Applied materials	5,612	449,886	2,363	271,605	5,780	480,995	4,107	611,391
Total	348,237	22,352,124	172,842	11,489,073	363,712	21,497,184	181,413	11,036,054

III. Employees information

Year	2022	2021	As of April 2, 2023
Direct workers	849	846	863
Indirect workers	779	758	779
Total	1,628	1,604	1,642
Average age	41.8 (years old)	41.2 (years old)	41.8(years old)

Year		2022	2021	As of April 2, 2023
Average seniorities		11.8 (years)	11.4 (years)	11.8 (years)
Education level (%)	Ph.D.	1%	1%	1%
	Master	14%	14%	14%
	Bachelor	65%	65%	65%
	Senior high school	17%	17%	17%
	Below senior high school	3%	3%	3%

IV. Disbursements of environmental protections

Losses for environmental pollution

	2022	Till April 2, 2023
Pollution (Type and procedure)	Air pollution, waste	No
Counterpart, or authority imposing fines	Kaohsiung Environmental Protection Bureau	No
Compensation and fines	NT$870,000	No

For the most recent year and as of the date of the annual report, the descriptions of losses incurred due to environment pollution:

No.	No. of Fine Notification	Regulation or Provision Violated	Disposal	Amount of Fine	Countermeasure
1	Kao-Shi-Huan-Ju-Fei-Chu-Zi No.20-111-050002	Paragraph 2, Article 23 of the Air Pollution Control Act	Environmental Protection Bureau, Kaohsiung City Government, visited Kaohsiung Plant for an audit and found the excessive input flow of the flare of over 3,000 Nm3/day, which is inconsistent with the operating content approved in the flare usage plan.	NT$ 225,000	Set up a TO furnace to process waste gas with hydrogen.
2	Kao-Shi-Huan-Ju-Fei-Chu-Zi No.20-111-110003	Article 23 of the Air Pollution Control Act	Personnel from the Air Pollution and Noise Control Division, Environmental Protection Bureau, Kaohsiung City Government, visited our plant for an audit. The audit personnel went to the pollution prevention equipment at M03 BR workshop 6600 district (active carbon adsorption system) and used a flame ionization detector to detect the front inlet (A400) of waste gas of PC-6601A turbine, and the detection result was 2407ppm, which fails to fulfill the requirements of airtight standards (net detection value lower than 1000ppm).	NT$ 450,000	Amended the Procedures for WI Waste Gas Processing (K31-6400-03) and stated that regular patrol inspections shall be performed for the PC-6601A/B water seal tank and relevant pipelines of the equipment.
3	Kao-Shi-Huan-Ju-Fei-Chu-Zi No.20-111-110002	Paragraph 1, Article 20 of the Air Pollution Control Act	Personnel from the Air Pollution and Noise Control Division, Environmental Protection Bureau, Kaohsiung City Government, checked the odor in the neighboring area of the plant, and the testing result was abnormal. The testing result of the spot exceeded the level stipulated under the Standards for Air Pollutant Emission from Stationary Pollution Sources by 50 (the testing result was 100); therefore, punishments were imposed.	NT$ 195,000	Arrange patrol inspections for waste gas pipes by using the hydraulic aerial cage every six months to find the damaged spots of pipes for repair.

V. Labor relations

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

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

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

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

TSRC hosts large annual gatherings and galas each year for better employee relationships, gives employees cash gifts for weddings, childbirth, injuries, and allowances for disease; has one nurse for each medical room; and offers medical consultation services with physicians.

Regarding employees' training program, the training plans are set based on the Company's business policies, units' requirements, and relevant laws/regulations. The Company offers general knowledge, professional skills, and management programs for the newly recruited and existing employees. Meanwhile, the "life-time learning" goal is fulfilled through the training methods of OJT, Off-JT and SD. The total training fee in 2022 is NTD 10,318,000, in which the average training fee per person is NTD 6,300 and the training hour per person is 71 hours.

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

Since the incorporation of the labor union, the Company has held meetings between employer and labor periodically and negotiated for the laborers" interests and rights through formal meetings. In 2022, the Company held four meetings in total.

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

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

<2> In 2022 and until the publication date, there is no loss suffered from labor disputes.

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

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

VI. Cybersecurity Management

1. The Company has established a comprehensive cybersecurity risk management framework, set up corresponding information security risk management specification, information security risk execution regulations, and details. The scope of the flow includes: identifying the level of risk of the core system, regular inventory check on cybersecurity equipment, execution of annual information safety risk assessment.

   Regarding the importance of cybersecurity, to defend ourselves from internal or external information security threats of intention or by accident and protect the safety of the Company's material assets, the Company stated the internal cybersecurity policies. The specifications of the information security Scope of cybersecurity protection:

   (1) Scope of cybersecurity protection: Information equipment and applications used on employees' computers, telecommunication equipment, large-scale server, system software, and all corporate information.
   (2) Regulations for Cybersecurity Execution: Regulations for Computer Resources, Regulations for Software/Hardware, Regulations for Employees' Information, Regulations for Emergency Management Operations, and multiple information safety management regulations.
   (3) Categories of cybersecurity threats and details on corresponding management: Requirements for employees' accounts (default password, length of password, complexity of password, historical record of password, restrictions on the shortest and longest valid period of password).
   (4) Cybersecurity protection measures: Resources substantially invested in information security equipment are as follows: Anti-virus firewall, mail filtration system, invasion detection and defense, advanced undisrupted threat protection system.
   (5) Information safety organization: The Company has established an information safety team and appointed a total of four relevant staff, including the team head of the information team, one information safety specialist, and a total of two information safety enforcers. The chief of information safety presents at the Board meeting for reporting from time to time.
   (6) The Company has established appropriate protection measures for the processing and storage of sensitive information, such as physical isolation, exclusive computer operating environments, access control, data encryption, transmission encryption, data masking, personnel management and handling specifications.
   (7) The Company established its Procedures for Emergency Management and Report of Information Security Event, including effect judgment and loss evaluations, as well as internal and external report procedures.

2. In 2022 and as of the date of the annual report, no loss incurred to the Company due to cybersecurity events.

VII. Material Contracts

April 2, 2023

Nature	Concerned party	Duration	Contents	Restrictive terms
Joint venture	UBE Industries Ltd., Marubeni Corporation UBE (Thailand) Co.,Ltd	October 20, 1995 until termination of the cooperative relationship	The joint venture for production and sale of BR with the annual capacity of 50 thousand metric tons of BR in Thailand	No
Joint venture	UBE Industries Ltd., Marubeni Petrochemicals Investment B.V.	October 26, 2006 until termination of the cooperative relationship	The joint venture for production and sale of BR plant with the annual capacity of 72 thousand metric tons in China	No
Technical support and services	Trimurti Holding Corporation	December 31, 2006 ~ until termination of the cooperative relationship	Authorize to use SEBS technology	No
Technology license	JSC VORONEZHSYNTHEZ-KAUCHUK	May 27, 2009 until 10 years after the official production	Authorize for production of thermoplastic elastomers with the annual capacity of 50 thousand metric tons	No
Joint venture	Indian Oil Corporation	April 3, 2010 until termination of the cooperative relationship	The joint venture for production and sales of ESBR plant with the annual capacity of 120 thousand metric tons in India	No
Technology license	Indian Synthetic Rubber Private Ltd.	September 1, 2010 until termination of the cooperative relationship	A license for India Synthetic Rubber Private Limited. to use ESBR technology	No
Joint venture	ARLANXEO Holding B.V	May 7, 2010 until termination of the cooperative relationship	The joint venture for production and sales of NBR plant with the annual capacity of 30 thousand metric tons in China	No
Technology license	ARLANXEO–TSRC (Nantong) Chemical Industrial Co., Ltd	December 1, 2010 until termination of the cooperative relationship	A license for ARLANXEO-TSRC (Nantong) Chemical Industrial Co Ltd. to use NBR technology	No

Nature	Concerned party	Duration	Contents	Restrictive terms
Technology license	TSRC (Nantong) Industrial Ltd.	January 2, 2022 until termination of the cooperative relationship	Extend to a 35 thousand metric tons-SEBS technology licensing	No
Technology license	TSRC (Nantong) Industrial Ltd.	January 1, 2014 to December 31, 2023	Authorize to use SIS technology	No
Technology license	TSRC (Nantong) Industrial Ltd.	September 1, 2017 to within ten years starting from the issuance of the first invoice of the new production line	Adding the permission for SEBS authorized products with the annual production of 20 thousand metric tons	No
Technology license	TSRC (Nantong) Industrial Ltd.	October 1, 2022 ~ September 30, 2032	Extend to a 25 thousand metric tons-SIS technology licensing	No
Relocation Compensation Contract	Chemical Industrial Park Management Office of Nantong Economic & Technological Development Area, Nantong Nengda River Science Innovation Park Development Co., Ltd. and Shen Hua Chemical Industrial Co., Ltd.	December 4, 2021 until termination of the cooperative relationship	Compensation agreement for Shen Hua Chemical Industrial Co., Ltd. to relocate in accordance with the policy	No
Investment agreement	Chemical Industrial Park Management Office of Nantong Economic & Technological Development Area, Nantong Nengda River Science Innovation Park Development Co., Ltd. and Shen Hua Chemical Industrial Co., Ltd.	December 4, 2021 until termination of the cooperative relationship	The investment of relocating Shen Hua' s plant that initially located in the North Development Zone to the South Development Zone In response to the "Industrial Upgrade, Reformation, and Relocation Project" of the Chemical Industrial Park of Nantong Economic & Technological Development Area	No
Medium-and long-term loan	Mega Bank	May 02, 2018 to October 23, 2023	Loaned NTD 500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	MUFG Bank	June 25, 2021 to June 25, 2024	Loaned NTD 600 million	Loan amount cannot be drawn again.
Medium-and long-term loan	CTBC Bank	March 23, 2018 to March 28, 2023	Loaned NTD 850 million	Repaid amount of NTD 500,000,000 cannot be drawn again. The amount of NTD 50,000,000 is calculable mobility.
Medium-and long-term loan	E. Sun Bank	February 20, 2020 to August 15, 2027	Loaned NTD 478 million	Loan amount cannot be drawn again.
Medium-and long-term loan	Tai Shin Bank	March 23, 2021 to March 23, 2024	Loaned NTD 500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	Chang Hwa Bank	January 14, 2022 to January 14, 2027	Loaned NTD 500 million	Loan amount cannot be drawn again.
Medium-and long-term loan	HSBC Bank (Taiwan) Limited	Drawdown date of the limit to three years from the drawdown date	Loaned NTD 84 million	All amounts borrowed are used as the funds for our green project in compliance with the principles of green loans

Overview of financial status

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

<1> Condensed balance sheet

Unit: thousand NTD

Item \ Fiscal year		Financial information for the recent years				
		Individual				
		2022	2021	2020	2019	2018
Current assets		3,856,121	3,810,009	3,129,891	4,024,296	4,200,063
Property, plant and equipment		2,877,917	2,866,238	2,978,757	2,727,714	2,789,755
Intangible assets		66,408	69,112	65,098	44,819	65,778
Other assets		20,516,575	18,700,221	16,201,577	17,494,817	17,248,237
Total assets		27,317,021	25,445,580	22,375,323	24,291,646	24,303,833
Current liability	Before distribution	5,769,484	4,225,702	6,037,851	4,813,822	4,790,367
	After distribution	6,661,251(Note)	6,207,406	6,335,107	5,226,677	5,599,562
Non-current liability		3,020,987	3,193,928	2,198,352	4,602,132	4,202,463
Total liability	Before distribution	8,790,471	7,419,630	8,236,203	9,415,954	8,992,830
	After distribution	9,682,238(Note)	9,401,334	8,533,459	9,828,809	9,802,025
Equity attributable to shareholders of the parent		18,526,550	18,025,950	14,139,120	14,875,692	15,311,003
Common stock		8,257,099	8,257,099	8,257,099	8,257,099	8,257,099
Capital surplus		51,725	50,725	49,531	47,140	45,158
Retained earnings	Before distribution	9,007,664	9,154,622	5,552,832	5,917,502	5,809,486
	After distribution	8,115,897(Note)	7,172,918	5,255,576	5,504,647	5,000,291
Other equity		1,210,062	563,504	279,658	653,951	1,199,260
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total shareholders' equity	Before distribution	18,526,550	18,025,950	14,139,120	14,875,692	15,311,003
	After distribution	17,634,783(Note)	16,044,246	13,841,864	14,462,837	14,501,808

Note: the amount decided by the board of directors on March 9, 2023.

Item \ Fiscal year		Financial information for the recent years				
		Consolidated				
		2022	2021	2020	2019	2018
Current assets		18,466,572	15,463,097	12,437,636	15,365,918	14,861,158
Property, plant and equipment		9,986,972	10,154,640	10,516,517	10,037,395	8,768,849
Intangible assets		867,813	892,679	1,012,405	1,669,885	1,851,601
Other assets		7,252,176	6,319,347	5,301,824	5,441,725	4,748,561
Total assets		36,573,533	32,829,763	29,268,382	32,514,923	30,230,169
Current liability	Before distribution	11,293,551	8,548,784	9,893,767	9,300,535	8,172,613
	After distribution	12,185,318(Note)	10,530,488	10,191,023	9,713,390	8,981,808
Non-current liability		4,548,719	4,157,161	3,515,956	6,761,665	5,175,715
Total liability	Before distribution	15,842,270	12,705,945	13,409,723	16,062,200	13,348,328
	After distribution	16,734,037(Note)	14,687,649	13,706,979	16,475,055	14,157,523
Equity attributable to shareholders of the parent		18,526,550	18,025,950	14,139,120	14,875,692	15,311,003
Common stock		8,257,099	8,257,099	8,257,099	8,257,099	8,257,099
Capital surplus		51,725	50,725	49,531	47,140	45,158
Retained earnings	Before distribution	9,007,664	9,154,622	5,552,832	5,917,502	5,809,486
	After distribution	8,115,897(Note)	7,172,918	5,255,576	5,504,647	5,000,291
Other equity		1,210,062	563,504	279,658	653,951	1,199,260
Treasury stock		0	0	0	0	0
Non-controlling interest		2,204,713	2,097,868	1,719,539	1,577,031	1,570,838
Total shareholders' equity	Before distribution	20,731,263	20,123,818	15,858,659	16,452,723	16,881,841
	After distribution	19,839,496(Note)	18,142,114	15,561,403	16,039,868	16,072,646

Note: the amount decided by the board of directors on March 9, 2023.

Condensed statement of comprehensive income

Unit: thousand NTD

Item \ Fiscal year	Financial information for the recent years				
	Individual				
	2022	2021	2020	2019	2018
Operating revenue	11,291,163	11,150,474	8,344,155	10,856,945	10,834,520
Gross profit	2,140,402	2,171,789	489,887	1,072,357	1,107,890
Operating profit	1,108,273	1,094,181	(346,968)	129,881	250,966
Non-operating income and expenses	1,120,343	3,247,030	428,824	788,028	1,077,163
Net income before tax	2,228,616	4,341,211	81,856	917,909	1,328,129
Net income	1,782,763	3,930,939	(21,891)	740,316	1,192,186
Other comprehensive income (loss)	698,541	251,953	(304,217)	(368,414)	29,868
Total comprehensive income	2,481,304	4,182,892	(326,108)	371,902	1,222,054
Net income attributable to shareholders of the parent	1,782,763	3,930,939	(21,891)	740,316	1,192,186
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to shareholders of the parent	2,481,304	4,182,892	(326,108)	371,902	1,222,054
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
EPS (Note)	2.16	4.76	(0.03)	0.90	1.44

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

Unit: thousand NTD

Item \ Fiscal year	Financial information for the recent years				
	Consolidated				
	2022	2021	2020	2019	2018
Operating revenue	33,841,197	32,533,238	24,024,443	28,910,723	29,751,218
Gross profit	5,513,273	6,800,464	2,937,269	3,377,284	3,488,714
Operating profit	2,674,970	3,928,099	822,315	1,084,861	1,301,814
Non-operating income and expenses	393,762	1,704,889	(301,644)	169,777	328,629
Net income before tax	3,068,732	5,632,988	520,671	1,254,638	1,630,443
Net income	2,122,241	4,464,305	215,261	817,120	1,233,670
Other comprehensive income (loss)	719,907	237,266	(282,003)	(439,025)	(6,708)
Total comprehensive income	2,842,148	4,701,571	(66,742)	378,095	1,226,962
Net income attributable to shareholders of the parent	1,782,763	3,930,939	(21,891)	740,316	1,192,186
Net income attributable to non-controlling interests	339,478	533,366	237,152	76,804	41,484
Total comprehensive income attributable to shareholders of the parent	2,481,304	4,182,892	(326,108)	371,902	1,222,054
Total comprehensive income attributable to non-controlling interests	360,844	518,679	259,366	6,193	4,908
EPS (Note)	2.16	4.76	(0.03)	0.90	1.44

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

CPA's name and auditor's opinion

Fiscal year	CPA's name	Auditor's opinion
2022	Ming Hung Huang Wu, Lin	Unqualified opinion
2021	Ming Hung Huang Wu, Lin	Unqualified opinion
2020	Ming Hung Huang Wu, Lin	Unqualified opinion
2019	Po Shu Huang Ming Hung Huang	Unqualified opinion (emphasis of matter)
2018	Po Shu Huang Ann Tine Yu	Unqualified opinion

II. Financial analysis for the recent five fiscal years

Financial analysis

Item \ Fiscal year		Financial information for the recent years				
		Individual				
		2022	2021	2020	2019	2018
Financial structure	Debt-asset ratio(%)	32.18	29.16	36.81	38.76	37.00
	Ratio of long-term capital to property, plant and equipment(%)	748.72	740.34	548.47	714.07	699.47
Solvency	Current ratio(%)	66.84	90.16	51.84	83.60	87.68
	Quick ratio(%)	30.67	49.78	26.47	35.99	34.79
	Interest coverage ratio(%)	27.80	74.24	2.04	10.03	17.39
Operating ability	Receivables turnover rate (times)	8.37	8.45	7.94	9.92	9.88
	Average collection days for receivables	43.61	43.20	45.97	36.79	36.94
	Inventory turnover rate (times)	4.94	5.68	4.25	4.17	4.19
	Payables turnover rate (times)	13.43	12.24	10.21	10.97	11.90
	Average days of sales	73.89	64.26	85.88	87.53	87.11
	Property, plant and equipment turnover rate (times)	3.93	3.82	2.92	3.94	3.90
	Total assets turnover rate(times)	0.43	0.47	0.36	0.45	0.46
Profitability	Return on assets(%)	7.01	16.64	0.18	3.38	5.36
	Return on equity(%)	9.75	24.44	(0.15)	4.90	7.90
	Ratio of income before tax to paid-in capital (%)	26.99	52.58	0.99	11.12	16.08
	Profit margin before tax (%)	15.79	35.25	(0.26)	6.82	11.00
	EPS (NTD)	2.16	4.76	(0.03)	0.90	1.44
Cash flows	Cash flow ratio (%)	21.26	18.91	5.23	13.27	6.81
	Cash flow adequacy ratio(%)	47.66	39.62	24.82	32.18	28.13
	Cash flow reinvestment ratio(%)	(2.68)	1.83	(0.43)	(0.67)	(1.85)
Leveraging	Operating leverage	4.13	3.94	(10.74)	37.22	15.65
	Financial leverage	1.08	1.06	0.81	4.59	1.48

In 2022, the world faced the hidden concern of inflation, continuing clearance of inventories by customers, and other operating challenges. The Company has adopted various countermeasures and carried out production/sales/purchase negotiations to seek the maintenance of our competitive strength in the market; however, such measures failed to fully eliminate the impacts of the significant drop in demand on the overall profits. Therefore, the profitability reduced from 2021, and relevant indicators for profitability reduced; the indicators are summarized as follows:

1. The decrease in the current ratio and quick ratio was due to the increase in the reserve for operating requirements and the increase in short-term borrowings and long-term borrowings due within one year.
2. The decrease in interest coverage rate was due to the decrease in net profit before tax.
3. The decrease in ratios of profitability was due to the decrease in profitability.
4. The increase in the cash flow adequacy ratio was due to the increase in cash flows from operating activities.
5. The decrease in the cash re-investment ratio was due to the increase in the distribution of cash dividends.

Item \ Fiscal year		Financial information for the recent years — Consolidated				
		2022	2021	2020	2019	2018
Financial structure	Debt-asset ratio(%)	43.32	38.70	45.82	49.40	44.16
	Ratio of long-term capital to property, plant and equipment(%)	253.13	239.11	184.23	231.28	251.54
Solvency	Current ratio(%)	163.51	180.88	125.71	165.22	181.84
	Quick ratio(%)	93.67	110.62	67.35	92.98	102.14
	Interest coverage ratio(%)	18.49	51.87	4.14	6.88	10.62
Operating ability	Receivables turnover rate (times)	7.82	8.09	6.86	8.19	8.21
	Average collection days for receivables	46.67	45.11	53.20	44.56	44.45
	Inventory turnover rate (times)	4.32	4.95	3.76	3.97	4.21
	Payables turnover rate (times)	17.67	16.18	10.30	12.88	15.71
	Average days of sales	84.49	73.73	97.07	91.93	86.69
	Property, plant and equipment turnover rate (times)	3.36	3.15	2.34	3.07	3.43
	Total assets turnover rate(times)	0.98	1.05	0.78	0.92	1.00
Profitability	Return on assets(%)	6.52	14.66	1.02	3.09	4.62
	Return on equity(%)	10.39	24.81	1.33	4.90	7.40
	Ratio of income before tax to paid-in capital (%)	37.16	68.22	6.31	15.19	19.75
	Profit margin before tax (%)	6.27	13.72	0.90	2.83	4.15
	EPS (NTD)	2.16	4.76	(0.03)	0.90	1.44
Cash flows	Cash flow ratio (%)	19.81	31.61	23.89	27.93	22.92
	Cash flow adequacy ratio(%)	80.24	92.56	78.25	91.81	99.39
	Cash flow reinvestment ratio(%)	0.02	5.88	5.54	5.05	3.11
Leveraging	Operating leverage	3.27	2.40	7.47	5.95	8.52
	Financial leverage	1.07	1.03	1.18	1.21	1.15

In 2022, the world faced the hidden concern of inflation, continuing clearance of inventories by customers, and other operating challenges. The Company has adopted various countermeasures and carried out production/sales/purchase negotiations to seek the maintenance of our competitive strength in the market; however, such measures failed to fully eliminate the impacts of the significant drop in demand on the overall profits. Therefore, the profitability reduced from 2021, and relevant indicators for profitability reduced; the indicators are summarized as follows:

1. The decrease in interest coverage rate was due to the decrease in net profit before tax.
2. The decrease in ratios of profitability was due to the decrease in profitability.
3. The decrease in the cash flow ratio was due to the increase in short-term borrowings and long-term borrowings due within one year.
4. The decrease in the cash re-investment ratio was due to the increase in the distribution of cash dividends.
5. The increase in operating leverage was due to the decrease in operating gains.

1. Financial structure:
   (1) Debt-asset ratio = total liabilities / total assets
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment
2. Solvency:
   (1) Current ratio = current assets / current liabilities
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities
   (3) Interest coverage ratio = income before income tax and interest expenses / current interest expenses
3. Operating ability:
   (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
   (2) Average collection days for receivables = 365 / receivables turnover rate
   (3) Inventory turnover rate = cost of sales / average inventory
   (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
   (5) Average days of sale = 365 / inventory turnover rate
   (6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment
   (7) Total asset turnover rate = net sales / average total assets
4. Profitability:
   (1) Return on assets = [net income + interest expenses (1 - tax rate)] / average total assets
   (2) Return on equity = net income / average total equity
   (3) Profit margin before tax = net income / net sales
   (4) EPS = (profit and loss attributable to owners of the parent - dividends on preferred shares) / weighted average number of issued shares
5. Cash flow:
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities
   (2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
   (3) Cash flow reinvestment ratio = (net cash flow from operating activities - cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital)
6. Leveraging:
   (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income
   (2) Financial leverage = operating income / (operating income - interest expenses)

III. Audit Committee's Report

The Board of Directors has prepared and submitted the Company's 2022 Business Report, Financial Statements and earnings distribution proposal. The above Financial Statements have been audited by KPMG and an audit report is accordingly issued .

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

To:

The 2023 Annual Shareholders' Meeting

TSRC Corporation

The convener of Audit Committee Sean Chao

Date: March 9, 2023

IV. Consolidated financial statements and independent auditors' report for the most recent fiscal year- Please refer to Page 100.

V. Individual financial statements and independent auditors' report for the most recent fiscal year-Please refer to Page 170.

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

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

I. Financial position:

Unit: thousand NTD

Item \ Fiscal year	2022	2021	Amount change	Percentage change (%)
Current assets	18,466,572	15,463,097	3,003,475	19.42
Property, plant and equipment	9,986,972	10,154,640	(167,668)	(1.65)
Intangible assets	867,813	892,679	(24,866)	(2.79)
Other assets	7,252,176	6,319,347	932,829	14.76
Total assets	36,573,533	32,829,763	3,743,770	11.40
Current liabilities	11,293,551	8,548,784	2,744,767	32.11
Non-current liabilities	4,548,719	4,157,161	391,558	9.42
Total liabilities	15,842,270	12,705,945	3,136,325	24.68
Capital stock	8,257,099	8,257,099	0	0.00
Capital Surplus	51,725	50,725	1,000	1.97
Retained earnings	9,007,664	9,154,622	(146,958)	(1.61)
Total shareholders' equity	20,731,263	20,123,818	607,445	3.02

Major changes and impacts:
The increase in current liabilities was due to the increase in short-term financing in response to the operating requirements and the transfer of long-term borrowings to long-term borrowings due within one year.

II. Financial performance:

Analysis and comparison of financial performance

Unit: thousand NTD

Item \ Fiscal year	2022	2021	Amount change	Percentage change (%)
Revenue	33,841,197	32,533,238	1,307,959	4.02
Operating cost	28,327,924	25,732,774	2,595,150	10.08
Gross profit	5,513,273	6,800,464	(1,287,191)	(18.93)
Operating expenses	3,110,621	3,143,910	(33,289)	(1.06)
Other income and expenses	272,318	271,545	773	0.28
Operating profit	2,674,970	3,928,099	(1,253,129)	(31.90)
Non-operating revenues and gains	393,762	1,704,889	(1,311,127)	(76.90)
Net income before tax	3,068,732	5,632,988	(2,564,256)	(45.52)
Less: income tax expenses	946,491	1,168,683	(222,192)	(19.01)
Net income	2,122,241	4,464,305	(2,342,064)	(52.46)

The changes in 2022 as compared to 2021 and the effects:

1. The decrease in operating gains was due to the sluggish market demand and rising costs.
2. The decrease in non-operating income and expenses was due to the gains from the disposals of lands and the favorable profits of investees in 2021.

Sales volume forecast and the basis there of

Unit: Metric Ton

Name of product	2023	
	Sales volume fore cast	Basis
Synthetic rubber and elastomers	540,314	Subject to the requirement of the market and customers forecast
Applied Materials	12,057	Subject to the requirement of the market and customers forecast
Total	552,371	

III. Cash flow analysis:

Unit: Metric Ton

Cash balance at the beginning	Net cash flow from operating activities of the year	Cash inflow (outflow) of the year	The impact of exchange rate fluctuation on cash	Remainder (deficit) of cash	Remedy for insufficient cash	
					Investment plan	Financial plan
4,464,755	2,237,174	(1,134,137)	710,828	6,278,620	-	-

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

1.Operating activities: Primarily due to the cash inflows of NT$4,152,547 thousand from items of profit or loss, cash outflow of NT$1,211,008 thousand from net changes in operating assets and liabilities, net interest expense of NT$61,193 thousand, and the payment of income tax of NT$643,172 thousand.

2.Investing activities : The net cash outflow from investing activities was NT$871,921 thousand, primarily including the outflow of NT$716,245 thousand for the acquisition and disposal of property, plant and equipment, the receipt of dividends of NT$199,106 thousand, the increase in other payables of NT$596,499 thousand, the receipt of relocation compensation of NT$212,166 thousand, the decrease in restricted assets of NT$51,364 thousand, and the increase in other non-current assets of NT$21,813 thousand.

3.Financing activities: The net cash outflow from financing activities was NT$262,216 thousand, primarily due to the net inflow of NT$1,838,974 thousand from short-term borrowings, the net increase in short-term notes payable of NT$247,820 thousand, the net inflow of NT$31,995 thousand from long-term borrowings, the repayment of lease principal of NT$152,943 thousand, and the cash dividend distribution of NT$2,228,062 thousand.

<2> Improvement plan for insufficient liquidity: There is no insufficient liquidity.

<3> Liquidity analysis for the coming year:

Unit: thousand NTD

Cash balance at the beginning(1)	Projected cash flow from operation of the year (2)	Estimated annual net cash flow from investing and financing activities(3)	Projected remainder (deficit) of cash (1)+(2)-(3)	Remedy for insufficient cash	
				Investment plan	Financial plan
6,278,620	2,027,000	(1,803,000)	6,502,620	-	-

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

<1> Major capital expenditure condition and source of funding

Unit: thousand NTD

Item	Sources of funds	Actual of intended completion date	Amount	Year	
				2022	2023
New plant of Shen Hua	Self-owned capital and loads from banks	2025	6,411,000	717,000	2,511,000
BD storage tank	Self-owned capital	2023	420,000	31,000	91,000
Regenerative catalytic oxidizer	Self-owned capital	2023	80,000	-	80,000
Fire prevention system improvement construction	Self-owned capital and loads from banks	2023	89,000	-	89,000

<2> Benefits generated: Expected to increase profitability.

It is estimated that the Shen hua new Plant may improve our market share and profits, the BD storage tank may achieve low-priced storage to improve our profit margin, and the regenerative catalytic oxidizer and the fire prevention system improvement construction may fulfill the latest requirements of waste processing volume and fire safety under regulations.

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

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

VI. Analysis and assessment of risk management

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

Unit: thousand NTD

2022	Amount	Accounting for the percentage of net operating revenues (%)	Accounting for the percentage of net profit before taxation (%)
Net interest income (expense)	(90,338)	(0.3)	(2.9)
Net exchange gain (loss)	78,845	0.2	2.6

Interest rate change:

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

Exchange rate fluctuation:

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

Inflation:

The increase in inflation may cause a rise in raw material prices, and the interest rate may also rise due to the tight monetary policy adopted by the Central Bank, affecting the Company' s operating costs. Our risk countermeasures include the reduction of cost changes through mass procurement or long-term contract. Selling prices of products are appropriately adjusted based on costs and market conditions. For interest rates, the Company adjusts the collection and payment period or adopts appropriate financial instruments to manage the effects of inflation on the Company.

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

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

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

Unit: thousand NTD

Project name	Expected R&D spending
New Generation and High Performance Tire Product Development	48,000
New Differentiated Polybutadiene Products	47,000
High Value-Added Thermoplastic Elastomer (TPE) Products	223,000
High Performance Materials and Formulas for Footwear	52,000
Medical application blended materials and special film application.	61,000
Advanced Process Technology Development	67,000

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

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

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

As the industry technology develops, The Company has invested greatly in R&D and process technology, continued to build various technology platforms, and worked with customers to jointly develop new technologies and products. Through these activities, The Company was able to enhance its technology and provide new solutions for customers, strengthening The Company position in specialty materials applications and market segments. However, synthetic rubber business can be highly influenced by the external factors such as butadiene price, natural rubber price, synthetic rubber supply-demand balance, and intensified market competition caused by new capacity additions. The Company has a sales-production-procurement (SPP) coordination mechanism in place to periodically review those external factors to control upstream cost and reduce the impact of price fluctuations to the Company. In addition, The Company has expanded its global presence and continued developing products for high-value applications to reduce the risk of being held limited to a single geographic location or industrial area, further strengthening its ability in responding to market changes. Regarding the increasingly important cybersecurity, apart from reinforcing the information protection educational training, the Company also introduced the "zero trust network," "multi-factor authentication," and "instant information security monitoring" systems to effectively improve the information safety protection ability of the Company and minimize risks related to information security.

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

The Company adheres to the philosophy of treasuring the resources of the earth and implementing sustainable operations, values contributions to environments and society and communication with stakeholders, and commits to minimizing the impact of operating activities on the environment. Meanwhile, the Company constantly makes improvements and innovations for its ESG strategies and actions and implements healthy corporate citizen and social responsibilities. The Company attaches great attention to social participation, continues to make donations to disadvantaged students, and supports disadvantaged groups through various social activities. Concurrently, the Company invests in volunteer assistance on chemistry education and inheritance to provide corporate returns and create value for the overall society.。

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

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

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

Regarding the initiative related to the environmental protection along the Yangtze River promoted by local governments and our optimistic view on the continual growth in the demand for synthetic rubber in the regional markets, the Company relocate Shen Hua Chemical to the South Area of the Chemical Industry Park of NETDA in Jiangsu Province and expanded its production capacity to 220,000 MT. The production capacity expansion is subject to limited risk as it is required by the operations and organized through detailed capital expenditure planning.

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

Purchase: The production capacity of domestic suppliers for the major raw material – butadiene of the Company is limited; to stabilize the source of raw materials and considering the acquisition costs, the Company has otherwise entered into import contracts, apart from entering into supply contracts with major domestic suppliers. In the event of force majeure experienced by the domestic suppliers, the Company can still purchase raw materials from foreign suppliers as such raw materials are international suppliers and materials. Therefore, there is no likelihood of short supply of the raw materials.

Sales: The Company' s main customers are world' s leading companies and the Company' s long-term partners. Most of them are contract customers with strong financial health. The Company' s business divisions also have control on the amount a customer can purchase while continue conducting credit investigation. Hence, to avoid significant operational and operational risks.

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

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

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

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

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

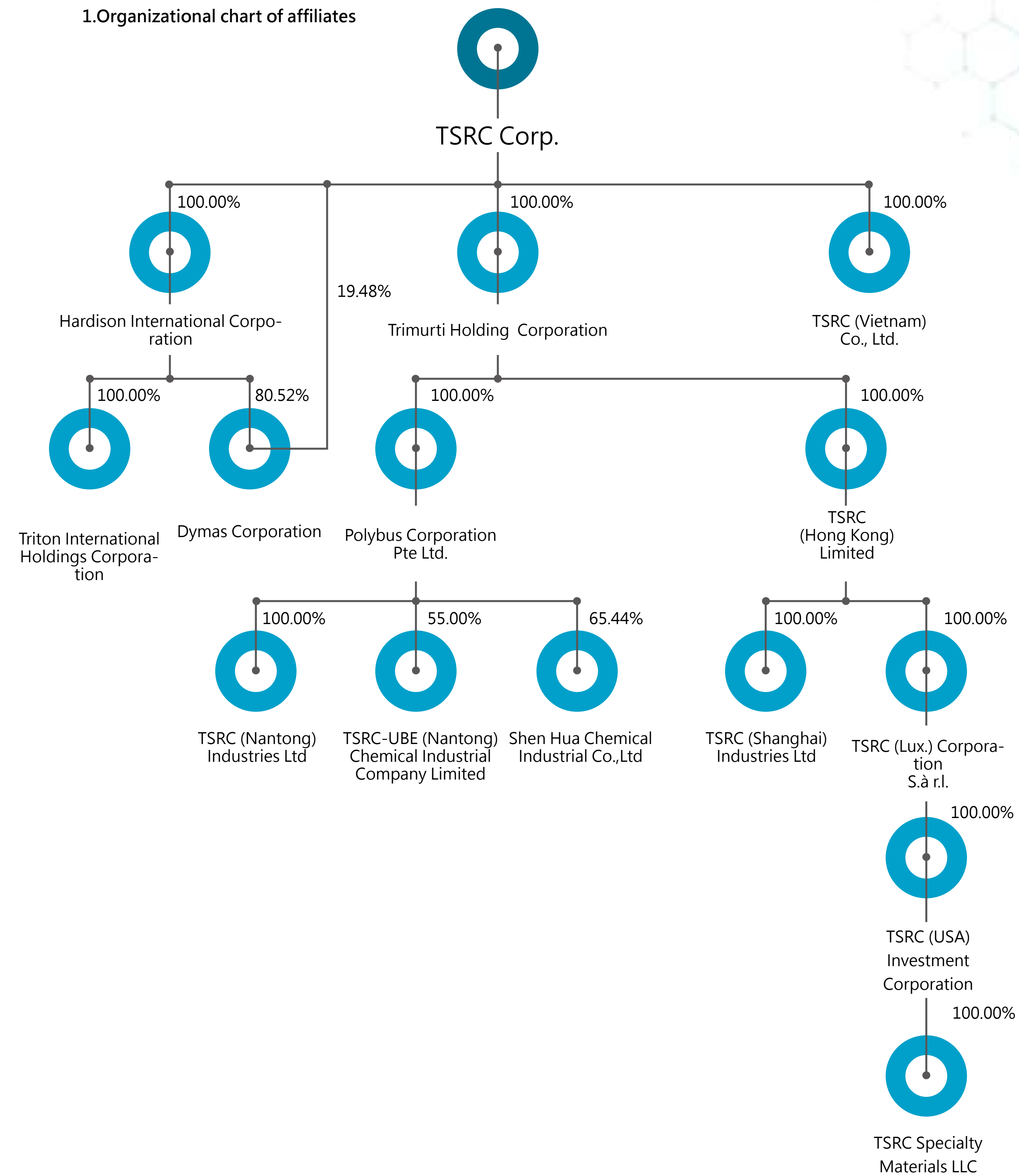
VII. Other important matters - No

Special items to be included

I. Information related to the Company's affiliates

<1> Company's Affiliate Business Report

1.Organizational chart of affiliates



2. Profiles of the Company's affiliates

December 31, 2022

Name of enterprise	Date of incorporation	Address	Actual received capitals	Major business or production items
Trimurti Holding Corporation	March 10,1994	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD 86,920,000	Investment corporation
Hardison International Corporation	March 11,1994	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD3,896,000	Investment corporation
Dymas Corporation	March 19,1991	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD5,960,000	Investment corporation
Polybus Corporation Pte Ltd.	February 25, 1995	100 Peck Seah Street #09-16 Singapore 079333	SGD105,830,000	Trading and investment corporation
TSRC (Hong Kong) Limited	March 19, 2008	15/F BOC Group Life Assurance Tower 136 Des Voeux Road Central	USD103,850,000	Investment corporation
Triton International Holdings Corporation	May 24, 1993	Palm Grove House, P.O. Box 438, Road Town, Tortola, B.V.I.	USD50,000	Investment corporation
TSRC (Lux.) Corporation S.à r.l.	July 26, 2011	39-43 avenue de la Liberté, L-1931 Luxembourg	EUR74,870,000	Trading and investment corporation
TSRC(USA) Investment Corporation	January 27, 2011	2711 Centerville Road, Suite 400, Country of New Castle, Wilmington, Delaware, 19808	USD96,050,000	Investment corporation
TSRC Specialty Materials LLC	February 20, 2002	23027 Elkana Deane Lane, Katy, Texas 77449-3696	Note	Production and sale of TPE
TSRC (Shanghai) Industries Ltd	February 22, 2001.	No. 1406, Yu Shu Road,Hi-tech Park Songjiang Zone, Shanghai,P.R.C	USD5,500,000	Production and sale of compounding materials
Shen Hua Chemical Industrial Co., Ltd	March 29, 1996.	NO.1 Shen Hua Road, Nantong Economic & Technology Development Area, Nantong Jiangsu, P.R.C.	USD41,220,000	Production and sale of synthetic rubber products
TSRC (Nantong) Industries Ltd	September 05, 2006	No. 22 Tong Wang Road, Nantong Economic & Technological Development Area, Nantong Jiangsu, P.R.C.	USD105,125,000	Production and sale of TPE
TSRC-UBE (Nantong) Chemical Industrial Company Limited	December 06, 2006	No. 22 Tong Wang Road, Nantong Economic & Technological Development Area, Nantong Jiangsu, P.R.C.	USD40,000,000	Production and sale of butadiene rubber
TSRC (Vietnam) Co., Ltd.	October 16, 2018	8 VSIP II-A Street 31, Vietnam Singapore Industrial Park II-A, Tan Uyen Town, Binh Duong Province, Vietnam	USD 12,900,000	Production and processing of plastic rubber granular, Thermoplastic Elastomer and plastic compound

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

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

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

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

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

December 31, 2022

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

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

6. Overview of operation of affiliates

December 31, 2022
Unit: thousand NTD

Name of enterprise	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income (loss)	Gain/loss current period (after tax)	EPS after tax (NTD)
Trimutri Holding Corporation	2,665,408	16,625,282	18	16,625,264	0	(16,304)	1,203,074	13.84
Hardison International Corporation	119,648	659,062	0	659,062	0	(71)	(25,763)	(6.61)
Dymas Corporation	183,006	738,904	0	738,904	0	(111)	(33,068)	(5.55)
Polybus Corporation Pte Ltd.	2,210,976	8,578,302	238,960	8,339,342	978,715	9,553	998,627	9.44
TSRC (Hong Kong) Limited	3,189,026	3,603,503	2,816	3,600,687	0	(522)	(674)	(0.01)
Triton International Holdings Corporation	1,535	57,906	0	57,906	0	(49)	928	18.56
TSRC (Lux.) Corporation S.à r.l.	2,449,000	4,332,931	1,148,928	3,184,003	3,059,603	(25,889)	(31,331)	(0.42)
TSRC (USA) Investment Corporation	2,949,503	3,272,440	218,838	3,053,602	0	(103,645)	(7,155)	(0.07)
TSRC Specialty Materials LLC	-	3,624,929	1,248,554	2,376,375	4,771,778	111,451	105,533	NA
TSRC (Shanghai) Industries Ltd	168,894	349,141	43,150	305,991	497,190	26,851	30,217	NA
Shen Hua Chemical Industrial Co., Ltd	1,265,784	5,079,427	1,360,320	3,719,107	8,062,441	417,731	332,811	NA
TSRC (Nantong) Industries Ltd	3,228,179	6,409,398	2,511,913	3,897,485	6,042,049	565,963	377,804	NA
TSRC-UBE (Nantong) Chemical Industrial Company Limited	1,228,320	2,357,487	314,400	2,043,087	3,636,276	654,275	498,796	NA
TSRC (Vietnam) Co., Ltd.	396,133	253,751	58,249	195,502	28,127	(77,213)	(89,784)	NA

Note: Spot exchange rate on the balance sheet date under the title of assets=USD1:NTD 30.708.
Spot exchange rate on the balance sheet date under the title of income=USD1:NTD 29.7841.

<2> Consolidated financial statements of the affiliated companies

Representation Letter

The entities that are required to be included in the combined financial statements of TSRC Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TSRC Corporation does not prepare a separate set of combined financial statements.

hereby specified

Company name: TSRC Corporation

Chairman: Nita Ing

Date: March 9, 2023

<3> Relation Statement

Statement

The 2022 Relation Statement of the Company (from Jan. 1, 2022 to Dec. 31, 2022) was prepared in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the disclosed information was in accordance with the relevant information in the consolidated financial statement during the aforementioned period without major incompliance.

Hereby specified

Company name: TSRC Corporation

Chairman: Nita Ing

Date: March 9, 2023

Letter

To TSRC Corporation:

The 2022 Relation Statement prepared by TSRC Corporation was in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". The relevant financial information was reviewed according to the information disclosed in the notes of the consolidated financial statements during the aforementioned period by the accountants.

According to the review results from the accountants, the 2022 Relation Statement of TSRC Corporation disclosed relevant information in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". Its financial contents are consistent with the consolidated financial statement. Hence, there is no need for major modification.

The engagement partners on the audit resulting in this independent auditors' report are Ming-Hung Huang and Lin Wu.

KPMG

Taipei, Taiwan (Republic of China)

March 9, 2023

1.Relation between the subordinate company and the controlling company

Unit: shares; %

Name of the Controlling Companies	Controlled Reasons	Shareholdings and pledges of the controlling companies			Employees sent by controlling company as directors, supervisors or managers	
		Shareholdings	Shareholding ratio	Pledged shares	Position	Name
Wei-Dar Development Co., Ltd	Jointly control subordinate company with over half of the board	53,708,923	6.50	24,200,000	Director	Nita Ing、John Huang
Han-De Construction Co., Ltd.		63,093,108	7.64	25,150,000	Director	Chin-Shan Chiang、John T. Yu
MaoShi Corporation	Controlling company of Wei-Dar Development Co., Ltd and Han-De Construction Co., Ltd.	-	-	-	-	-
Jade Fortune Enterprises Inc.	Controlling company of MaoShi Corporation	-	-	-	-	-
Palmy Corporation	Controlling company of Jade Fortune Enterprises Inc.	-	-	-	-	-
Pan Asia Corporation	Controlling company of Palmy Corporation	-	-	-	-	-
Vanteva Corporation	Controlling company of Pan Asia Corporation	-	-	-	-	-
Montrion Corporation	Controlling company of Vanteva Corporation	-	-	-	-	-

2.Trade correspondences

The trade correspondences of the Company with controlling company in 2022 are as follows:

(1) Import and sales trading: none.

(2) Property trading: none.

(3) Financing: none.

(4) Asset leasing: none.

(5) Others: none.

3. Endorsements/guarantees: none.

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

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

IV. Other matters that require additional description: No.

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

Representation Letter

The entities that are required to be included in the combined financial statements of TSRC Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TSRC Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: TSRC Corporation

Chairman: Nita Ing

Date: March 9, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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 Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year end December 31, 2022. 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. Therefore, we consider it as the key audit matter.

How the matter was addressed in our audit:

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

2. Inventory measurement

Please refer to note 4(h), note 5, and note 6(f) for disclosures related to inventory measurement.

Description of key audit matter:

The inventory of the Group includes various types of synthetic rubber and its raw material. Since the fierce competition in the rubber manufacturing industry and the price of main materials fluctuate frequently, 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. 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, 2022 and 2021, 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 issueed into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ming-Hung Huang and Lin Wu.

KPMG

Taipei, Taiwan (Republic of China) March 9, 2023

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2022 Amount	%	December 31, 2021 Amount	%
Current assets:					
Cash and cash equivalents (note 6(a))	$	6,278,620	17	4,464,755	14
Current financial assets at fair value through profit or loss (note 6(b))		14	-	7,702	-
Notes receivable, net (note 6(d))		940,938	3	951,817	3
Accounts receivable, net (note 6(d))		3,044,640	8	3,716,841	11
Other receivables (notes 6(e) and 7)		146,483	-	93,834	-
Inventories (note 6(f))		7,492,032	20	5,629,817	17
Other current assets		563,845	2	598,331	2
Total current assets		18,466,572	50	15,463,097	47
Non-current assets:					
Financial assets at fair value through other comprehensive income - non-current (note6(c))		1,422,896	4	1,460,586	4
Investments accounted for under equity method (notes 6(g) and 7)		2,222,200	6	2,030,573	6
Property, plant and equipment (notes 6(i), 8 and 9)		9,986,972	27	10,154,640	31
Right-of-use assets (note 6(j))		959,689	3	867,485	3
Investment property (note 6(k))		1,537,423	4	1,552,148	5
Intangible assets (note 6(l))		867,813	3	892,679	3
Deferred income tax assets (note 6(r))		308,747	1	253,434	1
Other non-current assets (notes 8 and 12(b))		801,221	2	155,121	-
Total non-current assets		18,106,961	50	17,366,666	53
Total assets	$	36,573,533	100	32,829,763	100

See accompanying notes to consolidated financial statements.

Chairman:Nita Ing　　Manager:Joseph Chai　　Chief Accountant: Hsing-Jung Lin

	December 31, 2022		December 31, 2021	
Liabilities and Equity	Amount	%	Amount	%
Current liabilities:				
Short-term borrowings (note 6(m))	$ 6,079,332	17	4,006,365	12
Current portion of long-term borrowings (notes 6(m) and 8)	249,704	1	-	-
Current portion of long-term payables (note 6(m))	724,563	2	817,713	3
Accounts payable - related parties (note 7)	349,767	1	-	-
Current income tax liabilities	36,729	-	356	-
Other payables (notes 6(q), 6(u) and 7)	1,634,283	3	1,536,976	5
Current lease liabilities (note 6(o))	33,236	-	1,316	-
Current income tax liabilities	351,748	1	288,186	1
Other payables (notes 6(q), 6(u) and 7)	1,433,551	4	1,560,933	5
Current lease liabilities (note 6(o))	127,731	-	128,928	-
Other current liabilities	272,907	1	208,011	1
Total current liabilities	11,293,551	30	8,548,784	27
Non-Current liabilities:				
Long-term bank borrowings (notes 6(m) and 8)	2,129,854	6	1,936,219	6
Other long-term borrowings (note 6(m))	-	-	349,922	1
Non-current provision liabilities (notes 6(n), 7 and 12(b))	270,284	1	269,536	1
Deferred income tax liabilities (note 6(r))	1,383,801	4	1,089,204	3
Non-current lease liabilities (note 6(o))	451,756	1	357,355	1
Other non-current liabilities (notes 6(m), 6(q) and 12(b))	313,024	1	154,925	-
Total non-current liabilities	4,548,719	13	4,157,161	12
Total liabilities	15,842,270	43	12,705,945	39
Equity attributable to shareholders of the Company (notes 6(c), (q), (r), (s) and (y)):				
Common stock	8,257,099	23	8,257,099	25
Capital surplus	51,725	-	50,725	-
Retained earnings:				
Legal reserve	4,463,584	12	4,073,680	12
Unappropriated earnings	4,544,080	12	5,080,942	16
	9,007,664	24	9,154,622	28
Other equity:				
Financial statement translation differences for foreign operations	251,770	1	(456,708)	(1)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	1,004,081	3	1,047,059	3
Gains or losses on hedging instrument	(45,789)	-	(26,847)	-
	1,210,062	4	563,504	2
Total equity attributable to shareholders of the Company	18,526,550	51	18,025,950	55
Non-controlling interests (note 6(h))	2,204,713	6	2,097,868	6
Total equity	20,731,263	57	20,123,818	61
Total liabilities and equity	$ 36,573,533	100	32,829,763	100

See accompanying notes to consolidated financial statements.

Chairman:Nita Ing Manager:Joseph Chai Chief Accountant: Hsing-Jung Lin

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Revenue (notes 6(v) and 7)	$ 33,841,197	100	32,533,238	100
Operating costs (notes 6(f), 6(i), 6(j), 6(l), 6(o), 6(q), 6(u) and 7)	28,327,924	84	25,732,774	79
Gross profit	5,513,273	16	6,800,464	21
Operating expenses (notes 6(d), 6(i), 6(j), 6(l), 6(o), 6(q), 6(u) and 7):				
Selling expenses	1,679,407	5	1,755,251	6
General and administrative expenses	1,041,939	3	1,014,618	3
Research and development expenses	392,118	1	371,679	1
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(2,843)	-	2,362	-
Total operating expenses	3,110,621	9	3,143,910	10
Other income and expenses, net (notes 6(k), 6(p), 6(q), 6(w) and 7)	272,318	1	271,545	1
Operating profit	2,674,970	8	3,928,099	12
Non-operating income and expenses (notes 6(g), 6(i), 6(o), 6(x) and 7):				
Interest income	85,130	-	30,076	-
Other income	101,580	-	66,256	-
Other gains and losses	71,818	-	917,257	3
Finance costs	(175,468)	-	(110,741)	-
Share of gain of associates and joint ventures accounted for under equity method	310,702	1	802,041	2
Total non-operating income and expenses	393,762	1	1,704,889	5
Net income before tax	3,068,732	9	5,632,988	17
Less: tax expenses (note 6(r))	946,491	3	1,168,683	3
Net income	2,122,241	6	4,464,305	14
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	51,983	-	(31,893)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(43,451)	-	509,502	1
Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(473)	-	21,345	-
Components of other comprehensive income that will not be reclassified to profit or loss	9,005	-	456,264	1
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Exchange differences on translation of foreign financial statements	830,598	2	(282,962)	(1)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(119,696)	-	63,964	-
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	710,902	2	(218,998)	(1)
Other comprehensive income	719,907	2	237,266	-
Total comprehensive income	$ 2,842,148	8	4,701,571	14
Net income attributable to:				
Shareholders of parent	$ 1,782,763	5	3,930,939	12
Non-controlling interests	339,478	1	533,366	2
	$ 2,122,241	6	4,464,305	14
Total comprehensive income attributable to:				
Shareholders of parent	$ 2,481,304	7	4,182,892	13
Non-controlling interests	360,844	1	518,679	1
	$ 2,842,148	8	4,701,571	14
Basic earnings per share (in New Taiwan Dollars) (note 6(t))	$ 2.16		4.76	
Diluted earnings per share (in New Taiwan Dollars) (note 6(t))	$ 2.14		4.73	

See accompanying notes to consolidated financial statements.

Chairman:Nita Ing　　Manager:Joseph Chai　　Chief Accountant: Hsing-Jung Lin

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					
				Retained earnings		
		Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total
Balance at January 1, 2021	$	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		8,257,099	50,725	4,073,680	5,080,942	9,154,622
Appropriation and distribution of retained earnings:						
Legal reserve		-	-	389,904	(389,904)	-
Cash dividends		-	-	-	(1,981,704)	(1,981,704)
Other changes in capital surplus		-	1,000	-	-	-
Net income		-	-	-	1,782,763	1,782,763
Other comprehensive income (loss)		-	-	-	51,983	51,983
Total comprehensive income (loss)		-	-	-	1,834,746	1,834,746
Balance at December 31, 2022	$	8,257,099	51,725	4,463,584	4,544,080	9,007,664

(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent						
Total other equity interest						
Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
(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
-	-	-	-	-	-	-
-	-	-	-	(1,981,704)	(253,999)	(2,235,703)
-	-	-	-	1,000	-	1,000
-	-	-	-	1,782,763	339,478	2,122,241
708,478	(42,978)	(18,942)	646,558	698,541	21,366	719,907
708,478	(42,978)	(18,942)	646,558	2,481,304	360,844	2,842,148
251,770	**1,004,081**	**(45,789)**	**1,210,062**	**18,526,550**	**2,204,713**	**20,731,263**

See accompanying notes to consolidated financial statements.

Chairman:Nita Ing Manager:Joseph Chai Chief Accountant: Hsing-Jung Lin

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Consolidated net income before tax	$ 3,068,732	5,632,988
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	1,174,029	1,087,768
Amortization	133,546	122,572
Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(2,843)	2,362
Interest expense	175,468	110,741
Interest income	(85,130)	(30,076)
Dividend income	(101,580)	(66,256)
Share of profit of associates and joint ventures accounted for under equity method	(310,702)	(802,041)
Loss (Gain) on disposal of property, plant and equipment	22,349	(900,164)
Amortization to operating costs and inventories	78,678	78,363
Total adjustments to reconcile profit and loss	1,083,815	(396,731)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	7,688	(4,242)
Notes receivable	10,879	(380,597)
Accounts receivable	675,044	(916,852)
Other receivables	(52,194)	59,195
Inventories	(1,862,215)	(857,353)
Other current assets	(16,878)	123,726
Total changes in operating assets, net	(1,237,676)	(1,976,123)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	36,373	(32,272)
Accounts payable	97,307	(106,288)
Accounts payable - related parties	31,920	1,316
Other payables	(201,744)	362,607
Other current liabilities	64,896	79,726
Net defined benefit liability	(17,784)	(16,086)
Other non-current liabilities	15,700	(15,416)
Total changes in operating liabilities, net	26,668	273,587
Total changes in operating assets and liabilities, net	(1,211,008)	(1,702,536)
Total adjustments	(127,193)	(2,099,267)
Cash provided by operating activities	2,941,539	3,533,721
Interest income received	85,675	23,218
Interest paid	(146,868)	(108,987)

	2022	2021
Income taxes paid	(643,172)	(745,979)
Net cash flow from operating activities	2,237,174	2,701,973
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(735,701)	(860,808)
Proceeds from disposal of property, plant and equipment	19,456	1,217,515
Decrease (increase) in other non-current assets	(21,813)	38,839
Increase in other prepayments	(596,499)	-
Dividends received	199,106	149,573
Decrease in restricted assets	51,364	129,299
Compensation for relocation	212,166	-
Net cash flow from (used in) investing activities	(871,921)	674,418
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	30,608,164	24,560,598
Decrease in short-term borrowings	(28,769,190)	(24,261,595)
Increase in short-term commercial paper payable	1,552,820	-
Decrease in short-term commercial paper payable	(1,305,000)	-
Proceeds from long-term borrowings	838,510	1,709,548
Repayments of long-term borrowings	(801,143)	(3,392,262)
Decrease in other long-term borrowings	(5,372)	-
Repayments of lease liabilities	(152,943)	(145,875)
Cash dividends paid	(2,228,062)	(437,591)
Overaging unclaimed dividends	-	1,194
Net cash used in financing activities	(262,216)	(1,965,983)
Effect of exchange rate changes on cash and cash equivalents	710,828	(224,116)
Net increase in cash and cash equivalents	1,813,865	1,186,292
Cash and cash equivalents at beginning of period	4,464,755	3,278,463
Cash and cash equivalents at end of period	$ 6,278,620	4,464,755

See accompanying notes to consolidated financial statements.

Chairman:Nita Ing Manager:Joseph Chai Chief Accountant: Hsing-Jung Lin

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

<1> Company history

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

<2> Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved by to the Board of Directors and published on March 9, 2023.

<3> New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

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

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

<4> Summary of significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

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

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

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

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

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

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

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

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

List of the subsidiaries included in the consolidated financial statements:

Name of investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2022	December 31, 2021	
TSRC	Trimurti Holding Corporation	Investment	100.00%	100.00%	
TSRC	Hardison International Corporation	Investment	100.00%	100.00%	
TSRC&Hardison International Corporation	Dymas Corporation	Investment	100.00%	100.00%	(Note1)
TSRC	TSRC (Vietnam) Co., Ltd.	Production and processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products	100.00%	100.00%	
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	International commerce and investment	100.00%	100.00%	
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	Investment	100.00%	100.00%	
TSRC (Hong Kong) Limited	TSRC (Shanghai) Industries Ltd.	Production and sale of re-engineering plastic, plastic compound metal, and plastic elasticity engineering products	100.00%	100.00%	
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.A R.L.	International commerce and investment	100.00%	100.00%	
TSRC (Lux.) Corporation S.A R.L.	TSRC (USA) Investment Corporation	Investment	100.00%	100.00%	
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	Production and sale of TPE	100.00%	100.00%	
Polybus Corporation Pte Ltd	Shen Hua Chemical Industrial Co,. Ltd.	Production and sale of synthetic rubber products	65.44%	65.44%	
Polybus Corporation Pte Ltd	TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of butadiene rubber	55.00%	55.00%	
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Production and sale of TPE	100.00%	100.00%	
Hardison International Corporation	Triton International Holdings Corporation	Investment	100.00%	100.00%	

Note1: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation, total directly and indirectly owns of equity are 100%.

(d) Foreign currency

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

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

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

5) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

6) Financial guarantee contract

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

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

(iii) Derivative financial instruments

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

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

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

(j) Joint arrangements

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Reclassification to investment properties

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

(iii) Subsequent cost

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

(iv) Depreciation

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

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

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

1) Land improvements	7~30years
2) Buildings	3~60years
3) Machinery	3~50years
4) Furniture and fixtures equipment	3~8years

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

(l) Investment property

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

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

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

(m) Leases

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

(i) As a leasee

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

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

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

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

– fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– payments for purchase or termination options that are reasonably certain to be exercised.

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

– there is a change in future lease payments arising from the change in an index or rate; or
– there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
– there is a change of its assessment of the underlying asset purchase option; or
– there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
– there is any lease modifications

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

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

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

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

(ii) As a lessor

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

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

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

(n) Intangible assets

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

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

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

(o) Impairment - non-financial assets

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

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

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

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

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

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

(p) Provisions

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

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

(q) Revenue

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

(i) Sale of goods

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

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

(ii) Management services

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

(iii) Financing components

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

(r) Government grants

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

(s) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(t) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction;
(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

(i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
    1) the same taxable entity; or
    2) different taxable entities which intend annually either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities, simultaneously.

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

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(u) Earnings per share

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

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

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to formulate a policy of resources allocation for the segment as well as assess its performance. Each operating segment consists of standalone financial information.

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

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

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

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

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

Inventory measurement

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

<6> Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 421	390
Checking and savings deposits	814,380	1,110,545
Time deposits	5,284,032	3,323,820
Commercial paper with reverse repurchase agreements	179,787	30,000
Cash and cash equivalents per statements of cash flow	$ 6,278,620	4,464,755

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

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

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward contracts/Swap contracts	$ 14	7,702

	December 31, 2022	December 31, 2021
Financial liabilities held for trading:		
Derivative instruments not used for hedging		
Forward contracts/Swap contracts	$ 36,729	356

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

	December 31, 2022			
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR USD	1,240/ 1,321	EUR/USD	2023.01.11~2023.02.13
Swap contracts	TWD USD	79,905/ 2,500	TWD/USD	2023.01.31
Swap contracts	EUR USD	18,655/ 18,830	EUR/USD	2023.01.03~2023.02.21
Swap contracts	JPY USD	21,000/ 153	JPY/USD	2023.02.03

	December 31, 2021			
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR USD	2,980/ 3,383	EUR/USD	2022.01.12~2022.03.11
Forward contracts	CNH USD	3,187/ 500	CNH/USD	2022.01.06
Swap contracts	EUR USD	15,450/ 17,735	EUR/USD	2022.01.12~2022.03.30
Swap contracts	USD CNH	549/ 3,540	USD/CNH	2022.02.15
Swap contracts	CNH USD	22,350/ 3,503	CNH/USD	2022.01.06
Swap contracts	JPY USD	16,411/ 144	JPY/USD	2022.01.12

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

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:		
Listed stocks (domestic)	$ 626,837	668,140
Unlisted stocks (domestic and overseas)	796,059	792,446
Total	$ 1,422,896	1,460,586

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

The Group held equity instrument investment for long-term strategic purposes, not held for trading purposes, which

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have been designated as measured at fair value through other comprehensive income.

(ii) For dividend income, please refer to note 6(x).
(iii) For market risk, please refer to note 6(z).
(iv) The aforementioned financial assets were not pledged as collateral.
(v) The significant financial assets at fair value through other comprehensive income denominated in foreign currency were as follows:

	Foreign currency amount (thousand dollars)	Exchange rate	NTD
December 31, 2022			
THB	$ 454,224	0.8941	406,122
December 31, 2021			
THB	493,334	0.8347	411,786

(d) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 940,938	951,817
Accounts receivable	3,049,625	3,724,240
Less: allowance for impairment	4,985	7,399
	$ 3,985,578	4,668,658

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

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 3,902,277	0.02%~0.11%	1,396
1 to 30 days past due	83,286	1.03%~2.50%	1,368
31 to 90 days past due	4,029	24.13%~65.15%	1,250
More than 90 days past due	971	100%	971
	$ 3,990,563		4,985

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 4,611,091	0.05%~0.14%	2,559
1 to 30 days past due	46,559	2.35%~6.31%	1,173
31 to 90 days past due	16,220	8.07%~29.19%	1,480
More than 90 days past	2,187	100%	2,187
	$ 4,676,057		7,399

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

	2022	2021
Balance at beginning of period	$ 7,399	5,194
Impairment losses (reversed) recognized	(2,843)	2,362
Foreign exchange gain or loss	429	(157)
Balance at end of period	$ 4,985	7,399

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

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

(e) Other receivables (including related parties)

	December 31, 2022	December 31, 2021
Other receivables - related parties	$ 42,870	47,938
Other	103,613	45,896
	$ 146,483	93,834

The aformentioned financial assets were not past due or impaired. For other credit risk information, please refers to note 6(z).

(f) Inventories

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

	December 31, 2022	December 31, 2021
Raw materials	$ 2,056,771	1,648,221
Supplies	10,491	8,744
Work in progress	328,291	299,749
Finished goods	4,160,906	2,986,188
Merchandise	935,573	686,915
Total	$ 7,492,032	5,629,817

As of December 31, 2022 and 2021, the Group did not pledge any collateral on inventories.

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

	2022	2021
Loss on (reversal of) decline in market value of inventory	$ 118,928	(84,544)
Loss on raw materials write-off	2,331	-
Income from sale of scrap	(33,690)	(28,244)
Loss on physical count	5,249	1,010
Unallocated production overhead	584,618	394,301
Total	$ 677,436	282,523

(g) Investments accounted for under equity method

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

	December 31, 2022	December 31, 2021
Associates	$ 906,310	844,557
Joint ventures	1,315,890	1,186,016
	$ 2,222,200	2,030,573

The Group's details of the income from inrestment were as follows:

	2022	2021
Associates	$ 95,850	200,793
Joint ventures	214,852	601,248
	$ 310,702	802,041

(i) Associates

The details of the significant associates are as follows:

Name of associates	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right December 31, 2022	Proportion of equity and voting right December 31, 2021
ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.	Strategic alliance of production and sales of NBR	China	50.00%	50.00%

The comprehensive financial information of ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd., which is the significant associate to the Consolidated company, is as follows:

	December 31, 2022	December 31, 2021
Current assets	$ 1,144,407	735,166
Non-current assets	566,744	584,324
Current liabilities	(291,797)	(282,615)
Non-current liabilities	(86,311)	(29,454)
Equity	$ 1,333,043	1,007,421
Equity attributable to the Group	$ 666,522	503,711

	2022	2021
Revenue	$ 2,203,816	2,273,143
Net income of continued operations	$ 312,041	367,700
Other comprehensive income	-	-
Total comprehensive income	$ 312,041	367,700
Total comprehensive income attributable to the Group	$ 156,020	183,850

	2022	2021
Beginning balance of the equity of the associate attributable to the Group	$ 505,494	323,287
Current total comprehensive income of the associate attributable to the Group	156,020	183,850
Other	6,269	(1,643)
Ending balance of the equity of the associate attributable to the Group	$ 667,783	505,494

Summary of respectively not significant associates recognized under equity method were as follows. The financial information is included in the consolidated financial statement.

	December 31, 2022	December 31, 2021
Balance of not significant associate' s equity	$ 238,527	339,063

	2022	2021
Attributable to the Group:		
Net income (loss) of continued operations	$ (60,170)	16,943
Other comprehensive income	-	-
Total comprehensive income (loss)	$ (60,170)	16,943

(ii) Joint ventures

The details of the significant joint ventures are as follows:

Name of joint ventures	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right December 31, 2022	Proportion of equity and voting right December 31, 2021
Indian Synthetic Rubber Private Limited	Strategic alliance of production and sales of synthetic rubber products	India	50.00%	50.00%

The comprehensive financial information of Indian Synthetic Rubber Private Limited, which is the joint venture material to the Consolidated company, is as follows:

	December 31, 2022	December 31, 2021
Current assets	$ 2,221,809	2,806,016
Non-current assets	2,350,978	2,527,405
Current liabilities	(600,484)	(1,720,350)
Non-current liabilities	(1,372,905)	(1,284,317)
Equity	$ 2,599,398	2,328,754
Equity attributable to the Group	$ 1,299,699	1,164,377

	2022	2021
Revenue	$ 6,053,206	6,608,019
Net income of continued operations	$ 427,752	1,207,138
Other comprehensive income (loss)	(37,016)	88,966
Total comprehensive income	$ 390,736	1,296,104
Total comprehensive income attributable to the Group	$ 195,368	648,052

	2022	2021
Beginning balance of the equity of the joint venture attributable to the Group	$ 1,130,197	512,624
Current total comprehensive income of the joint venture attributable to the Group	195,368	648,052
Current dividend received from joint venture	(51,327)	-
Other	(15,952)	(30,479)
Ending balance of the equity of the joint venture attributable to the Group	$ 1,258,286	1,130,197

Summary of respectively not significant joint ventures recognized under the equity method was as follows. The financial information is included in the consolidated financial statement.

	December 31, 2022	December 31, 2021
Balance of not significant joint venture's equity	$ 57,604	55,819

	2022	2021
Attributable to the Group:		
Net income (loss) of continued operations	$ 976	(2,321)
Other comprehensive income	-	-
Total comprehensive income (loss)	$ 976	(2,321)

(iii) Collateral

As of December 31, 2022 and 2021, the Group did not pledge any collateral on investments accounted for under the equity method.

(h) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Name of joint ventures	The main operating place / register country	Proportion of Non-controlling interests December 31, 2022	December 31, 2021
Shen Hua Chemical Industries Co., Ltd.	China	34.56%	34.56%
TSRC-UBE (Nantong) Industries Ltd.	China	45.00%	45.00%

The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRSs endorsed by the FSC. Included in this information are the fair value adjustment made during the acquisition and the relevant difference in accounting principles between the Group and its subsidiaries as at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) Summary of financial information of Shen Hua Chemical Industries Co., Ltd.

	December 31, 2022	December 31, 2021
Current assets	$ 3,334,434	3,236,185
Non-current assets	1,774,494	1,169,739
Current liabilities	(894,168)	(542,982)
Non-current liabilities	(495,653)	(263,395)
Net assets	$ 3,719,107	3,599,547
Non-controlling interests	$ 1,285,323	1,244,003

	2022	2021
Revenue	$ 8,062,395	8,018,930
Net income	$ 332,811	1,002,175
Other comprehensive income (loss)	43,163	(24,572)
Total comprehensive income	$ 375,974	977,603
Total net income attributable to non-controlling interests	$ 115,020	346,351
Total comprehensive income attributable to non-controlling interests	$ 129,936	337,858

	2022	2021
Net cash flow from operating activities	$ 762,556	455,922
Net cash used in investing activities	(540,430)	(130,480)
Net cash used in financing activities	(225,153)	(251,975)
Effect on exchange rate changes on cash and cash equivalents	24,948	(2,746)
Increase in cash and cash equivalents	$ 21,921	70,721

(ii) Summary of financial information of TSRC-UBE (Nantong) Industries Ltd.

	December 31, 2022	December 31, 2021
Current assets	$ 1,584,402	1,447,115
Non-current assets	773,087	833,123
Current liabilities	(290,263)	(377,385)
Non-current liabilities	(24,138)	(5,373)
Net assets	$ 2,043,088	1,897,480
Non-controlling interests	$ 919,390	853,865

		2022	2021
Revenue	$	3,636,256	3,280,916
Net income	$	498,796	415,589
Other comprehensive income (loss)		14,333	(13,764)
Total comprehensive income	$	513,129	401,825
Total net income attributable to non-controlling interests	$	224,458	187,015
Total comprehensive income attributable to non-controlling interests	$	230,908	180,821

		2022	2021
Net cash flow from operating activities	$	627,710	509,736
Net cash used in investing activities		(67,813)	(56,162)
Net cash used in financing activities		(445,752)	(111,404)
Effect on exchange rate changes on cash and cash equivalents		12,680	4,196
Increase in cash and cash equivalents	$	126,825	346,366

(i) Property, plant and equipment

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

		Land	Land improvements	Buildings
Cost:				
Balance at January 1, 2022	$	639,920	150,505	4,931,763
Additions		-	-	-
Disposals		-	-	(21,535)
Reclassification		-	-	15,866
Effect on changes in exchange rates		2,192	6,283	84,816
Balance at December 31, 2022	$	642,112	156,788	5,010,910
Balance at January 1, 2021	$	841,829	142,168	4,672,369
Additions		-	9,037	56,644
Disposals		(201,665)	-	(4,864)
Reclassification		344	951	242,404
Effect on changes in exchange rates		(588)	(1,651)	(34,790)
Balance at December 31, 2021	$	639,920	150,505	4,931,763
Depreciation and impairment loss:				
Balance at January 1, 2022	$	-	99,240	2,607,460
Depreciation		-	8,693	180,971
Disposals		-	-	(8,683)
Effect on changes in exchange rates		-	2,954	31,314
Balance at December 31, 2022	$	-	110,887	2,811,062
Balance at January 1, 2021	$	-	94,229	2,464,473
Depreciation		-	5,735	160,753
Disposals		-	-	(3,317)
Reclassification		-	-	-
Effect on changes in exchange rates		-	(724)	(14,449)
Balance at December 31, 2021	$	-	99,240	2,607,460
Carrying value:				
December 31, 2022	$	642,112	45,901	2,199,848
December 31, 2021	$	639,920	51,265	2,324,303
January 1, 2021	$	841,829	47,939	2,207,896

To optimize the Group' s asset, the Group disposed its real estate located in Kaohsiung City, Renwu Dist. to a non-related party for $1,220,000 thousands, with a book value of $201,665, thousand based on the resolution approved during the board meeting held on March 11, 2021. All relevant transactions amounting to $909,118 thousands, recognized as gain, had been completed in July 2021.

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

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

Machinery	Furniture and fixtures and other equipment	Construction in progress	Total
22,755,392	255,962	661,868	29,395,410
13,102	337	771,262	784,701
(121,351)	(1,964)	(17,834)	(162,684)
552,016	11,617	(629,934)	(50,435)
591,528	7,750	5,039	697,608
23,790,687	273,702	790,401	30,664,600
21,983,009	247,058	1,228,046	29,114,479
185,687	245	847,440	1,099,053
(238,677)	(6,984)	(66,740)	(518,930)
1,016,360	18,169	(1,334,117)	(55,889)
(190,987)	(2,526)	(12,761)	(243,303)
22,755,392	255,962	661,868	29,395,410
16,343,116	190,954	-	19,240,770
865,357	19,024	-	1,074,045
(110,412)	(1,784)	-	(120,879)
443,609	5,815	-	483,692
17,541,670	214,009	-	20,677,628
15,857,095	182,165	-	18,597,962
815,165	17,455	-	999,108
(191,547)	(6,715)	-	(201,579)
(19)	-	-	(19)
(137,578)	(1,951)	-	(154,702)
16,343,116	190,954	-	19,240,770
6,249,017	59,693	790,401	9,986,972
6,412,276	65,008	661,868	10,154,640
6,125,914	64,893	1,228,046	10,516,517

(j) Right-of-use assets

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

		Land	Building	Machinery	Transportation equipment	Total
Cost:						
Balance at January 1, 2022	$	564,225	202,597	374,699	32,988	1,174,509
Additions		-	100,275	93,608	13,189	207,072
Write-off		-	(76,060)	-	(15,528)	(91,588)
Lease modification		100	369	20,767	735	21,971
Amortization to operating costs and inventories		-	(3,822)	(74,856)	-	(78,678)
Effect on changes in foreign exchange rates		17,283	12,724	8,222	2,797	41,026
Balance at December 31, 2022	$	581,608	236,083	422,440	34,181	1,274,312
Balance at January 1, 2021	$	569,782	255,467	457,714	32,827	1,315,790
Additions		1,222	14,561	11,683	12,926	40,392
Write-off		-	(5,191)	(16,935)	(11,993)	(34,119)
Lease modification		-	(52,107)	-	-	(52,107)
Amortization to operating costs and inventories		-	(4,487)	(73,876)	-	(78,363)
Effect on changes in foreign exchange rates		(6,779)	(5,646)	(3,887)	(772)	(17,084)
Balance at December 31, 2021	$	564,225	202,597	374,699	32,988	1,174,509
Accumulated depreciation and impairment losses:						
Balance at January 1, 2022	$	157,671	132,851	-	16,502	307,024
Depreciation		14,188	51,895	9,361	9,815	85,259
Write-off		-	(76,060)	-	(15,528)	(91,588)
Lease modification		52	161	-	(13)	200
Effect on changes in exchange rates		3,532	8,749	291	1,156	13,728
Balance at December 31, 2022	$	175,443	117,596	9,652	11,932	314,623
Balance at January 1, 2021	$	145,489	111,766	17,224	18,339	292,818
Depreciation		13,616	49,763	-	10,556	73,935
Write-off		-	(5,191)	(16,935)	(11,993)	(34,119)
Lease modification		-	(20,463)	-	-	(20,463)
Effect on changes in exchange rates		(1,434)	(3,024)	(289)	(400)	(5,147)
Balance at December 31, 2021	$	157,671	132,851	-	16,502	307,024
Carrying value:						
December 31, 2022	$	406,165	118,487	412,788	22,249	959,689
December 31, 2021	$	406,554	69,746	374,699	16,486	867,485
January 1, 2021	$	424,293	143,701	440,490	14,488	1,022,972

The Group did not pledge any collateral on right-of-use assets.

(k) Investment property

		Land	Buildings	Total
Cost:				
Balance as at January 1, 2022	$	1,073,579	741,889	1,815,468
Additions		-	-	-
Balance as at December 31, 2022	$	1,073,579	741,889	1,815,468
Balance as at January 1, 2021	$	1,073,579	741,889	1,815,468
Additions		-	-	-
Balance as at December 31, 2021	$	1,073,579	741,889	1,815,468
Depreciation:				
Balance as at January 1, 2022	$	-	263,320	263,320
Depreciation		-	14,725	14,725
Balance as at December 31, 2022	$	-	278,045	278,045
Balance as at January 1, 2021	$	-	248,595	248,595
Depreciation		-	14,725	14,725
Balance as at December 31, 2021	$	-	263,320	263,320
Carrying value:				
Balance as at December 31, 2022	$	1,073,579	463,844	1,537,423
Balance as at December 31, 2021	$	1,073,579	478,569	1,552,148
Balance as at January 1, 2021	$	1,073,579	493,294	1,566,873

Fair value:		
Balance as at December 31, 2022	$	3,347,503
Balance as at December 31, 2021	$	3,336,956
Balance as at January 1, 2021	$	3,336,956

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 3~10 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(w) for further information.

The fair value of investment property (as disclosed in the financial statements) is based on a valuation by an independent appraiser. The recurring fair value measurement for the investment properties has been categorized as a Level 3 fair value based on the input to the valuation technique used. The range of yields applied to the net annual rentals to determine the fair value of the property were as follows:

Region	2022	2021
Da'an Dist., Taipei City	1.85%	2.10%

As of December 31, 2022 and 2021, the Group did not pledge any collateral on investment properties.

(l) Intangible assets

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

		Industrial technology and know-how	Computer software	Goodwill
Costs:				
Balance at January 1, 2022	$	963,869	282,420	190,198
Reclassification		-	22,647	-
Effect of changes in exchange rates		85,859	1,146	20,730
Balance at December 31, 2022	$	1,049,728	306,213	210,928
Balance at January 1, 2021	$	980,299	261,995	195,817
Reclassification		8,000	21,047	-
Effect of changes in exchange rates		(24,430)	(622)	(5,619)
Balance at December 31, 2021	$	963,869	282,420	190,198
Amortization and impairment losses:				
Balance at January 1, 2022	$	635,395	257,826	190,198
Amortization		65,816	16,450	-
Effect of changes in exchange rates		57,124	1,072	20,730
Balance at December 31, 2022	$	758,335	275,348	210,928
Balance at January 1, 2021	$	587,443	247,082	195,817
Amortization		62,976	11,337	-
Reclassification		-	19	-
Effect of changes in exchange rates		(15,024)	(612)	(5,619)
Balance at December 31, 2021	$	635,395	257,826	190,198
Carrying value:				
December 31, 2022	$	291,393	30,865	-
December 31, 2021	$	328,474	24,594	-
January 1, 2021	$	392,856	14,913	-

(i) Amortization of intangible assets

For the years ended December 31, 2022 and 2021, the amortization of intangible assets are included in the statement of comprehensive income:

		2022	2021
Operating costs	$	10,226	7,096
Operating expenses		123,320	115,476
	$	133,546	122,572

(ii) Collateral

The Group did not pledge any collateral on intangible assets.

(m) Short-term and long-term borrowings

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

(i) Short-term bank borrowings

	December 31, 2022				
	Range of interest rates (%)	Year of maturity		Amount	The unused credit facilities (include credit lines of bills issued)
Unsecured loans	0.85~5.85	2023	$	6,079,332	15,451,065

	December 31, 2021				
	Range of interest rates (%)	Year of maturity		Amount	The unused credit facilities (include credit lines of bills issued)
Unsecured loans	0.40~3.85	2022	$	4,006,365	15,543,553

Patent and trademark	Customer relationship	Non-compete agreement	Total
544,989	994,071	8,308	2,983,855
-	-	-	22,647
59,401	108,346	905	276,387
604,390	1,102,417	9,213	3,282,889
561,090	1,023,437	8,553	3,031,191
-	-	-	29,047
(16,101)	(29,366)	(245)	(76,383)
544,989	994,071	8,308	2,983,855
354,086	645,363	8,308	2,091,176
16,910	34,370	-	133,546
39,116	71,407	905	190,354
410,112	751,140	9,213	2,415,076
348,361	631,530	8,553	2,018,786
15,913	32,346	-	122,572
-	-	-	19
(10,188)	(18,513)	(245)	(50,201)
354,086	645,363	8,308	2,091,176
194,278	351,277	-	867,813
190,903	348,708	-	892,679
212,729	391,907	-	1,012,405

(ii) Short-term commercial paper payable

	December 31, 2022			
	Guarantee or acceptance institution	Range of interest rates (%)		Amount
Commercial paper payable	INTERNATIONAL BILLS FINANCE CORPORATION	2.058	$	250,000
Less: discount				296
Total			$	249,704

(iii) Long-term borrowings

1) Long-term bank borrowings

	December 31, 2022				
	Currency	Range of interest rates (%)	Year of maturity		Amount
Secured loans	USD	4.38	2023	$	66,895
Unsecured loans	NTD	1.05~1.93	2023~2027		2,285,292
Unsecured loans	USD	5.81~5.89	2023~2025		502,230
Total				$	2,854,417
Current				$	724,563
Non-current					2,129,854
Total				$	2,854,417

	December 31, 2021				
	Currency	Range of interest rates (%)	Year of maturity		Amount
Secured loans	USD	4.38	2022~2023	$	118,063
Unsecured loans	NTD	0.95~1.25	2022~2025		2,145,756
Unsecured loans	USD	1.48~1.72	2022~2024		490,113
Total				$	2,753,932
Current				$	817,713
Non-current					1,936,219
Total				$	2,753,932

As of December 31, 2020, the relevant forgiveness amount has been applied to the bank for review. In addition, the Company applied the "Welcoming the Return of Taiwanese Investment Initiative Act" loan of $478,000 thousand from the bank in 2020. As of December 31, 2022 and 2021, the Company had used the amounts of $185,292 thousand and $148,837 thousand which were measured and recognized based on the market interest rate of 1.70% and 1.20%; and the difference between the actually interest rate of 1.075% and 0.45% and the market interest rate of 1.70% and 1.20% had been recorded as government subsidy under deferred income.

2) Long-term commercial paper payable (recorded as current portion of long-term payables and other long-term borrowings)

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

	December 31, 2022			
	Guarantee or acceptance institution	Range of interest rates (%)		Amount
Commercial paper payable	CTBC Bank	1.865	$	350,000
Less: discount				233
Less: current portion				349,767
Total			$	-

	December 31, 2021			
	Guarantee or acceptance institution	Range of interest rates (%)		Amount
Commercial paper payable	CTBC Bank	1.164	$	350,000
Less: discount				78
Total			$	349,922

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

(iv) Collateral of loans

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

(n) Non-current provision liabilities

		Guarantees	Demolition and relocation costs	Total
Balance at January 1, 2022	$	27,757	241,779	269,536
Reverse in provisions		(2,771)	-	(2,771)
Effect on changes in exchange rates		-	3,519	3,519
Balance at December 31, 2022	$	24,986	245,298	270,284
Balance at January 1, 2021	$	31,819	-	31,819
Increase in provisions		-	241,779	241,779
Reverse in provisions		(4,062)	-	(4,062)
Balance at December 31, 2021	$	27,757	241,779	269,536

Please refer to notes 7(c) and 12(b) for further description of guarantees, demolition and relocation costs.

(o) Lease liabilities

The Group's lease liabilities were as follow:

		December 31, 2022	December 31, 2021
Current	$	127,731	128,928
Non-current	$	451,756	357,355

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

The amounts recognized in profit or loss were as follows:

		2022	2021
Interest on lease liabilities	$	3,778	3,463
Expenses relating to short-term leases	$	17,953	15,819
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$	12,690	22,836

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

		2022	2021
Total cash outflow for leases	$	187,364	187,993

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(p) Operating leases

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

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

	December 31, 2022	December 31, 2021
Less than one year	$ 66,532	68,755
One to two years	53,990	61,118
Two to three years	16,771	49,356
Three to four years	17,875	12,138
Four to five years	18,119	13,241
More than five years	30,687	42,990
Total undiscounted lease payments	$ 203,974	247,598

In 2022 and 2021, the rental income from investment property amounted to $71,624 thousand and $73,422 thousand, respectively.

(q) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	December 31, 2021
The present value of the defined benefit obligations	$ 555,084	605,909
Fair value of plan assets	(538,877)	(519,935)
The net defined benefit liability	$ 16,207	85,974

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

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to $538,877 thousand at the end of the current reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit plan obligation

The movements in present value of the Group's defined benefit plan obligation for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Defined benefit obligation as of January 1	$ 605,909	606,090
Current service costs and interest	7,868	8,891
Remeasurements of net defined benefit liability (asset)		
- Return on plan assets (excluding current interest expense)	42,851	6,392
- Due to changes in financial assumption of actuarial gains or losses	(51,983)	31,893
Benefits paid by the plan	(49,561)	(47,357)
Defined benefit obligation as of December 31	$ 555,084	605,909

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3) Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2022 and 2021, were as follows:

		2022	2021
Fair value of plan assets as of January 1	$	519,935	535,923
Expected return		2,533	3,241
Remeasurements of net defined benefit liability (asset)			
- Return on plan assets (excluding current interest expense)		42,851	6,392
Contributions made		23,119	21,736
Benefits paid by the plan		(49,561)	(47,357)
Fair value of plan assets as of December 31	$	538,877	519,935

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Current service cost	$	4,916	5,226
Net interest on the defined benefit liability (asset)		419	424
	$	5,335	5,650

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

		2022	2021
Operating costs	$	3,288	3,402
Operating expenses		1,646	1,972
Other income and expenses		401	276
	$	5,335	5,650

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	December 31, 2022	December 31, 2021
Discount rate	1.500%	0.500%
Future salary increases rate	1.500%	1.500%

The Group expects to make contributions of $0 thousand to the defined benefit plans in the next year starting from the reporting date of 2022.

The weighted average duration of the defined benefit plan is 9.07 years for the year ended December 31, 2022.

6) Sensitivity analysis

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

As of December 31, 2022 and 2021, the effects on the present value of the defined benefit obligation arising from changes in principal actuarial assumptions were as follows:

		Effect on defined benefit obligation	
		Increase 0.25%	Decrease 0.25%
December 31, 2022			
Discount rate	$	(9,339)	9,612
Future salary increase rate		9,239	(9,016)
December 31, 2021			
Discount rate		(11,357)	11,661
Future salary increase rate		11,132	(10,893)

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

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

(ii) Defined contribution plans

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

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

The Group's pension costs under the defined contribution plan were $115,585 thousand and $97,612 thousand for the years 2022 and 2021, respectively. Payments were made to the Bureau of Labor Insurance and to local government for the overseas subsidiaries.

(iii) Short-term employee benefit liabilities

	December 31, 2022	December 31, 2021
Compensated absence liabilities	$ 58,071	50,242

(r) Income tax

(i) Income tax expenses

The amounts of the Group's income tax for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Current income tax expense		
Current period	$ 709,889	873,721
Adjustment for prior periods	(3,155)	(192)
	706,734	873,529
Deferred tax expense		
Origination and reversal of temporary differences	239,757	295,154
Income tax expenses of continued operations	$ 946,491	1,168,683

The amounts of the Group's income tax expense (benefit) recognized under other comprehensive income (loss) for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains on equity instruments at fair value through other comprehensive income (loss)	$ (473)	21,345

Reconciliations of the Group's income tax expense (benefit) and the profit before tax for 2022 and 2021 were as follows:

	2022	2021
Income before tax	$ 3,068,732	5,632,988
Income tax calculated on pretax accounting income at statutory rate	$ 613,746	1,126,597
Effect of tax rates in foreign jurisdiction	82,545	130,283
Tax exempt income	(11,814)	(213,172)
Adjustment for prior periods	(3,155)	(192)
Foreign investment income	182,048	307,179
R&D tax credits utilized	(35,339)	(21,529)
Withholding tax of revenue from overseas	72,767	67,668
Adjustment of tax rates	8,146	-
Land value increment tax	-	103,118
Change in unrecognized temporary differences	(34,169)	(329,128)
5% surtax on undistributed earnings	69,036	-
Others	2,680	(2,141)
Total	$ 946,491	1,168,683

(ii) Recognized deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments in subsidiaries	$ 1,398,010	1,227,164
Unrecognized deferred tax liabilities	$ 279,602	245,433

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred income tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax assets:

	Defined benefit plans	Allowance for inventory valuation	Loss carryforward	Investment tax credit	Others	Total
Balance at January 1, 2022	$ -	45,746	106,899	60,776	40,013	253,434
Recognized in profit or loss	-	18,090	(13,111)	5,621	44,713	55,313
Balance at December 31, 2022	$ -	63,836	93,788	66,397	84,726	308,747
Balance at January 1, 2021	$ 2,718	63,332	90,382	52,565	79,432	288,429
Recognized in profit or loss	(2,718)	(17,586)	16,517	8,211	(39,419)	(34,995)
Balance at December 31, 2021	$ -	45,746	106,899	60,776	40,013	253,434

Deferred tax liabilities:

	Foreign investment income accounted for under equity method	Depreciation difference between financial and tax reporting	Land value increment tax	Others	Total
Balance at January 1, 2022	$ 843,380	99,496	56,683	89,645	1,089,204
Recognized in profit or loss	182,048	118,380	-	(5,358)	295,070
Recognized in other comprehensive loss	-	-	-	(473)	(473)
Balance at December 31, 2022	$ 1,025,428	217,876	56,683	83,814	1,383,801
Balance at January 1, 2021	$ 642,096	53,416	56,683	55,505	807,700
Recognized in profit or loss	201,284	46,080	-	12,795	260,159
Recognized in other comprehensive income	-	-	-	21,345	21,345
Balance at December 31, 2021	$ 843,380	99,496	56,683	89,645	1,089,204

(iii) Assessment of tax

The tax returns of the Company have been assessed by the tax authorities for all years through 2020.

(s) Capital and other equity

(i) Capital

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

As of December 31, 2022 and 2021, 825,709,978 shares of ordinary were issued.

(ii) Additional paid-in capital

The components of additional paid-in capital as of December 31, 2022 and 2021, were as follows:

	December 31, 2022	December 31, 2021
Share premium	$ 849	849
Overaging unclaimed dividends	50,876	49,876
	$ 51,725	50,725

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

(iii) Retained earnings

1) Legal reserve

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

2) Special earnings reserve

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gains) under shareholders' equity were reclassified to retained earnings at the adoption date. An increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special earnings reserve during earnings distribution. However, when adjusted retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC are insufficient for the appropriation of a special earnings reserve at the transition date, the Company may appropriate a special earnings reserve up to the amount of increase in retained earnings. Upon the use, disposal, or reclassification of related assets, the Company may reverse the special earnings reserve proportionately. As a result of elections made according to IFRS 1, the Company has reclassified $(103,035) thousand to retained earnings and is not required to appropriate a special earnings reserve.

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

3) Distribution of retained earnings

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

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

The above-mentioned distribution of surplus shall be drawn up by the Board of Directors and shall be submitted to

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the shareholders' meeting for resolution.

The distribution of 2021 and 2020 earnings as dividends to stockholders that were approved by the Company's shareholders' general meetings on June 17, 2022 and August 4, 2021, respectively, were as follows:

	2021		2020	
	Amount per share (NTD)	Total Amount	Amount per share (NTD)	Total Amount
Dividends distributed to ordinary stockholders:				
Cash	$ 2.40	1,981,704	0.36	297,256

On March 9, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings. These earnings were appropriated as follows:

	2022	
	Amount per share (NTD)	Total Amount
Dividends distributed to common shareholders:		
Cash	$ 1.08	891,767

(iv) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses)on hedging instruments	Total
Balance as of January 1, 2022	$ (456,708)	1,047,059	(26,847)	563,504
Foreign exchange differences arising from foreign operations	809,232	-	-	809,232
Exchange differences on translation financial statements from investments accounted for using equity method	(100,754)	-	-	(100,754)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive loss	-	(42,978)	-	(42,978)
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(18,942)	(18,942)
Balance as of December 31, 2022	$ 251,770	1,004,081	(45,789)	1,210,062
Balance as of January 1, 2021	$ (198,125)	558,902	(81,119)	279,658
Foreign exchange differences arising from foreign operations	(268,275)	-	-	(268,275)
Exchange differences on translation financial statements from investments accounted for using equity method	9,692	-	-	9,692
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	488,157	-	488,157
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	54,272	54,272
Balance as of December 31, 2021	$ (456,708)	1,047,059	(26,847)	563,504

(t) Earnings per share

The calculations of the Company's basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

	2022	2021
Net income attributable to common shareholders of the Company	$ 1,782,763	3,930,939
Weighted-average number of common shares (in thousands)	825,710	825,710
Basic earnings per share (NTD)	$ 2.16	4.76

(ii) Diluted earnings per share

	2022	2021
Net income attributable to common shareholders of the Company (diluted)	$ 1,782,763	3,930,939
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710
Impact on potential common shares		
Effect on employees' compensation (in thousands)	5,788	4,515
Weighted-average number of shares outstanding (diluted) (in thousands)	831,498	830,225
Diluted earnings per share (NTD)	$ 2.14	4.73

(u) Remuneration to employees and directors

In accordance with the Company's articles of incorporation, if there is profit for the year, the Company should contribute more than 1% of its profit as employee remuneration, and less than 1% as directors' remuneration. The related regulations on the distribution of remunerations to employees and directors will have to be approved by the Board of Directors.

For the years ended December 31, 2022 and 2021, the Company recognized the employees' compensation of $130,999 thousand and $171,609 thousand, respectively, and the directors' remuneration of $11,857 thousand and $22,677 thousand, respectively. The amounts were estimated based on the profit-sharing percentages set by the Articles of Incorporation and were recorded as operating cost or operating expenses in the respective periods. Related information would be available at the Market Observation Post System website. There were no differences between the amounts distributed by the Board of Directors and the estimated amounts in the Company's consolidated financial reports for the years of 2022 and 2021.

(v) Revenue from contracts with customers

	2022		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	$ 23,677,683	712,417	24,390,100
Americas	5,147,819	8,872	5,156,691
Europe	3,641,392	202	3,641,594
Others	652,812	-	652,812
	$ 33,119,706	721,491	33,841,197
Major product lines:			
Synthetic rubber / elastomers	$ 32,718,567	-	32,718,567
Applied materials	-	714,637	714,637
Others	401,139	6,854	407,993
	$ 33,119,706	721,491	33,841,197

	2021		
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	$ 22,784,625	1,078,285	23,862,910
Americas	4,661,513	14,036	4,675,549
Europe	3,181,003	65	3,181,068
Others	813,711	-	813,711
	$ 31,440,852	1,092,386	32,533,238
Major product lines:			
Synthetic rubber / elastomers	$ 31,152,950	-	31,152,950
Applied materials	-	1,088,446	1,088,446
Others	287,902	3,940	291,842
	$ 31,440,852	1,092,386	32,533,238

(w) Other income and expenses

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		2022	2021
Rental income	$	74,111	75,865
Royalty income		175,992	167,241
Net service income		7,452	10,150
Depreciation of investment properties		(14,725)	(14,725)
Net other income		29,488	33,014
Other income and expenses	$	272,318	271,545

(x) Non-operating income and expenses

(i) Interest income

		2022	2021
Interest income from bank deposits	$	85,130	30,076

(ii) Other gains

		2022	2021
Dividend income	$	101,580	66,256

(iii) Other gains and losses

		2022	2021
Gains or losses on disposal of property, plant and equipment	$	(22,349)	900,164
Foreign exchange gain or loss, net		4,783	(53,582)
Gains or losses on financial assets (liabilities) at fair value through profit or loss		74,062	63,629
Other gains and losses		15,322	7,046
Other gains and losses, net	$	71,818	917,257

(iv) Finance costs

		2022	2021
Interest expense	$	175,468	110,741

(y) Reclassification of components of other comprehensive income

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

		2022	2021
Effective portion of cash flow hedges:			
Net gains (losses) for current year	$	(3,511)	29,376
Less: Adjustment of reclassification included in profit or loss		15,431	(24,896)
Net gains (losses) recognized in other comprehensive income	$	(18,942)	54,272

(z) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum credit risk exposure of the Group's financial assets is equal to their carrying amount. As of December 31, 2022 and 2021, the maximum credit risk exposure amounted to $11,944,403 thousand, and $10,780,140 thousand, respectively.

2) Concentration of credit risk

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

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

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(ii) Liquidity risk

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

		Contractual cash flows	Within 1 years	1-2 years	2-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowings (including short-term commercial paper payable)	$	6,370,190	6,370,190	-	-	-
Accounts payable (including related parties)		1,667,519	1,667,519	-	-	-
Other payables		1,433,551	1,433,551	-	-	-
Long-term borrowings (including other long-term borrowings,current portion and current portion of long-term payables)		3,296,334	1,128,019	1,624,036	544,279	-
Lease liabilities		593,823	132,885	101,921	273,352	85,665
Deposits received		51,168	-	35,654	11,247	4,267
Derivative financial liabilities						
Other swap contracts / Other forward contracts:						
Outflow		36,729	36,729	-	-	-
	$	13,449,314	10,768,893	1,761,611	828,878	89,932
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowings	$	4,029,764	4,029,764	-	-	-
Accounts payable (including related parties)		1,538,292	1,538,292	-	-	-
Other payables		1,560,933	1,560,933	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)		3,169,756	851,952	1,046,502	1,271,302	-
Lease liabilities		491,077	130,861	73,131	154,206	132,879
Deposits received		48,177	-	33,810	11,247	3,120
Derivative financial liabilities						
Other swap contracts:						
Outflow		356	356	-	-	-
	$	10,838,355	8,112,158	1,153,443	1,436,755	135,999

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

(iii) Currency risk

1) Risk exposure

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

		Foreign currency (thousand dollars)	Exchange rate	NTD
December 31, 2022				
Financial assets:				
Monetary assets:				
USD	$	69,613	30.7080	2,146,888
EUR	$	13,565	32.7102	443,714
JPY	$	240,121	0.2324	55,804
CNY4	$	31,872	4.4078	140,485

		Foreign currency (thousand dollars)	Exchange rate	NTD
Financial liabilities:				
Monetary liabilities:				
USD	$	70,621	30.7080	2,168,630
EUR	$	10,750	32.7102	351,635
JPY	$	239,256	0.2324	55,603
December 31, 2021				
Financial assets:				
Monetary assets:				
USD	$	95,757	27.6900	2,651,511
EUR	$	19,073	31.3035	597,052
JPY	$	262,873	0.2404	63,195
CNY	$	84,779	4.3446	368,331
Financial liabilities:				
Monetary liabilities:				
USD	$	92,364	27.6900	2,557,559
EUR	$	15,702	31.3035	491,528
JPY	$	235,269	0.2404	56,559

2) Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the forgin currencies had depreciated / appreciated by 1%, the Group's net income before tax would have increased / decreased by $2,110 thousand and $5,744 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. The analysis was performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by gross amount. For the years ended December 31, 2022 and 2021, foreign exchange gain (loss) (including Derivative financial instruments for non-hedging profit and loss) amounting to $78,845 thousand and $10,047 thousand, respectively.

(iv) Interest rate risk analysis

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

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

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have decreased / increased by $95,332 thousand and $71,102 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

(v) Fair value

1) Hierarchy and fair value of financial instruments

Except for the followings, carrying amounts of the Group's financial assets and liabilities are valuated reasonably colse to their fair values. No additional fair value disclosure is required in accordance to the regulations.

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 14	-	14	-	14
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	626,837	626,837	-	-	626,837
Unlisted stocks (domestic and overseas)	796,059	-	-	796,059	796,059
Subtotal	1,422,896	626,837	-	796,059	1,422,896
Total	$ 1,422,910	626,837	14	796,059	1,422,910
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 36,729	-	36,729	-	36,729

	December 31, 2021				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 7,702	-	7,702	-	7,702
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	668,140	668,140	-	-	668,140
Unlisted stocks (domestic and overseas)	792,446	-	-	792,446	792,446
Subtotal	1,460,586	668,140	-	792,446	1,460,586
Total	$ 1,468,288	668,140	7,702	792,446	1,468,288
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 356	-	356	-	356

2) Valuation techniques and assumptions used in fair value determination

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

3) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2022	$ 792,446
Total gains:	
Recognized in other comprehensive income	3,613
Balance at December 31, 2022	$ 796,059
Balance at January 1, 2021	$ 952,645
Total gains:	
Recognized in other comprehensive income	423,391
Transfer into level 1	(583,590)
Balance at December 31, 2021	$ 792,446

Since Evergreen Steel Corporation was listed in April 2021, its fair value measurement was transferred from the level 3 to level 1.

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparative listed company	· Multipliers of price-to-earnings ratios as of December 31, 2022 and December 31, 2021 was all 9.36~17.59 and 9.45~20.31, respectively · Market liquidity discount rate as of 20%	· the estimated fair value would have been higher if the price-to-earnings ratios would be higher. · the estimated fair value would have been higher if the market liquidity discount would be lower.

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

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

	Input	Move up or down	Other comprehensive income	
			Favorable	Unfavorable
December 31, 2022				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	$ 9,953	(9,953)
December 31, 2021				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	$ 9,904	(9,904)

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

(aa) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Risk management framework

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

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

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

(iii) Credit risk

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

1) Accounts receivable and Notes Receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, The Group' s Accounts Receivable and Notes Receivable are mainly due from customers in China, each constituting 23% and 26% of the total amount of the receivables as of December 31, 2022, and 2021.

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

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

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

2) Investments

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

3) Guarantees

The Group's policy allows it to provide financial guarantees to business partners or to related parties and jointly controlled entities according to its percentage ownership in these entities. Financial guarantees provided by the Group as of December 31, 2022 and 2021, are disclosed in note 7 "Related-party Transactions."

(iv) Liquidity risk

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

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

(v) Market risk

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

1) Currency risk

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

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

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

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

The Group does not hedge against investments of related parties.

2) Interest rate risk

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

3) Other market price risk

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

(ab) Capital management

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

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

	December 31, 2022	December 31, 2021
Total liabilities	$ 15,842,270	12,705,945
Total equity	20,731,263	20,123,818
Total assets	$ 36,573,533	32,829,763
Debts ratio	43%	39%

As of December 31, 2022, the debts ratio increased is mainly resulted from increasing loan borrowings.

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

The Group did not have non-cash flow transactions on investing and financing activities for the years ended December 31, 2022 and 2021.

(ad) Reconciliation of liabilities arising from financing activities

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2022 and 2021 was as follows:

				Non-cash changes			
		January 1, 2022	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	Others	December 31, 2022
Long-term borrowings (including current portion)	$	2,753,932	37,367	63,118	-	-	2,854,417
Other long-term borrowings (including current portion)		349,922	(5,372)	-	5,217	-	349,767
Short-term borrowings (including short-term commercial paper payable)		4,006,365	2,086,794	233,993	1,884	-	6,329,036
Lease liabilities		486,283	(152,943)	13,852	3,778	228,517	579,487
Total liabilities from financing activities	$	7,596,502	1,965,846	310,963	10,879	228,517	10,112,707

				Non-cash changes			
		January 1, 2021	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	Others	December 31, 2021
Long-term borrowings (including current portion)	$	4,463,864	(1,682,714)	(27,218)	-	-	2,753,932
Other long-term borrowings		349,341	(3,575)	-	4,156	-	349,922
Short-term borrowings		3,789,276	299,003	(81,914)	-	-	4,006,365
Lease liabilities		632,090	(145,875)	(12,142)	3,463	8,747	486,283
Total liabilities from financing activities	$	9,234,571	(1,533,161)	(121,274)	7,619	8,747	7,596,502

<7> Related-party transactions

(a) Parent company and ultimate controlling party

Montrion Corporation is the ultimate controlling party of the Company. It indirectly controls Han-De Construction Co., Ltd. and Wei-Dar Development Co., Ltd., who held more than half of the members of the directors of the Company through their shares.

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Indian Synthetic Rubber Private Limited	The Group recognized joint venture under equity method
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	The Group recognized associates under equity method
Asia Pacific Energy Development Co., Ltd.	〃
Nantong Qix Storage Co., Ltd.	The Group recognized joint venture under equity method
Marubeni Corporation	Corporate director of one consolidated entity
UBE Industrial Ltd.	Other related parties of one consolidated entity
Metropolis Property Management Corporation	Other related parties of the Group
Continental Engineering Corporation	〃
WFV Corporation	〃
Continental Consulting Limited Company	〃
UBE (Shanghai) Ltd.	Subsidiary of other related parties of one consolidated entity

(c) Significant transactions with related parties

(i) Operating revenue

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

	2022	2021
Associates	$ 3,412	6,837

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

(ii) Purchases

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

	2022	2021
Other related parties	$ 178,074	304,804

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

(iii) Service income and expenses

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

	2022	2021
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$ 172,282	152,999
Joint ventures		
Indian Synthetic Rubber Private Limited	67,130	71,256
Others joint ventures	6,709	7,263
Other related parties		
Others related parties	(18,495)	(15,357)
	$ 227,626	216,161

(iv) Lease - Rental income

	2022	2021
Associates	$ 2,487	2,443
Other related parties	4,489	4,472
	$ 6,976	6,915

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

(v) Receivables from related parties

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

Account	Type of related parties	December 31, 2022	December 31, 2021
Other receivables	Associates		
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$ 31,017	29,013
Other receivables	Joint ventures		
	Indian Synthetic Rubber Private Limited	11,227	18,192
	Others	626	733
		$ 42,870	47,938

(vi) Payables to related parties

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

Account	Type of related parties	December 31, 2022	December 31, 2021
Accounts payable	Other related parties	$ 33,236	1,316
Other payables	Joint ventures	1,382	1,246
Other payables	Other related parties	1,578	1,817
		$ 36,196	4,379

(vii) Guarantees

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

	December 31, 2022	December 31, 2021
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$ 308,546	500,576
Joint ventures		
Indian Synthetic Rubber Private Limited	1,022,576	922,077
	$ 1,331,122	1,422,653

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

	December 31, 2022	December 31, 2021
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$ 1,261	1,782
Joint ventures		
Indian Synthetic Rubber Private Limited	23,725	25,975
	$ 24,986	27,757

(d) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	2022	2021
Short-term employee benefits	$ 142,453	140,150
Post-employment benefits	1,329	1,225
	$ 143,782	141,375

<8> Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	$ 1,237	1,153
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	120,802	148,688
		$ 122,039	149,841

<9> Commitments and contingencies

(a) The unused letters of credit outstanding

	December 31, 2022	December 31, 2021
The Group's unused letters of credit outstanding	$ 1,123,836	842,971

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

	December 31, 2022	December 31, 2021
Total amounts of construction in progress contracts	$ 1,263,653	377,273
Cumulative payments	$ 448,595	305,883

<10> Losses Due to Major Disasters: None.

<11> Subsequent Events: None.

<12> Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By nature	Year ended December 31, 2022			Year ended December 31, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	953,878	714,708	1,668,586	904,453	683,656	1,588,109
Labor and health insurance	108,511	69,220	177,731	91,960	59,449	151,409
Pension	85,351	35,569	120,920	71,396	31,866	103,262
Others (note 1)	243,029	143,983	387,012	226,863	160,722	387,585
Depreciation (note 2)	1,021,649	137,655	1,159,304	929,625	143,418	1,073,043
Amortization	10,226	123,320	133,546	7,096	115,476	122,572

Note:
1. Other personnel expenses included meals, employee welfare, training expenses and employees' bonus.
2. Depreciation expenses excluded expenses for investment property recognized under other income and expenses, amounting to $14,725 thousand for the years ended December 31, 2022 and 2021.

(b) To comply with the policy, Shen Hua signed a relocation compensation contract with Nantong Management Office and Nantong Nengda on December 4, 2021. It also signed an investment agreement for its new factories with Nantong Management Office at the compensated amount of CNY479,677 thousand. Following the agreement schedule, Shen Hua will return the right to use the land after moving and demolishing its immovable assets in 2024. As for the movable assets, they will be transported to the new factories for further operation.

	December 31, 2022	December 31, 2021
Cumulative compensation received	$ 212,166	-
Prepaid land-use right price for new location	$ 596,499	-
Provision for demolish and relocation	$ 245,298	241,799

<13> Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2022:

(i) Loans to other parties:

No	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance
1	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd	Entrusted loans	Yes	148,731	44,078
2	Polybus Corporation Pte Ltd	TSRC	Account receivable-related parties	Yes	686,928	-
3	TSRC (Hong Kong) Limited	TSRC	Account receivable-related parties	Yes	176,880	-
4	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	Account receivable-related parties	Yes	128,840	122,832
5	TSRC Specialty Materials LLC	TSRC (USA) Investment Corporation	Account receivable-related parties	Yes	429,330	-

Note 1: The loan limit extended per party should not be over 10% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the loan limit extended per party should not be over 50% of the total equity of the most recent financial statements audited or reviewed by a CPA.
Note 2: The maximum loan extended to all parties should not be over 40% of total equity. However, if the counterparty is a subsidiary 100.00% owned, directly or indirectly by TSRC, the total loan limit should not be over 100% of total equity of the most recent financial statements audited or reviewed by a CPA .
Note 3: The fund of loan and the loan to the other party are 100.00% owned by TSRC.
Note 4: Credit period: The financing period should not be over one year.
Note 5: Loans to other parties numbering is as follows:
(1) if it's ordinary business relationship, the number is "1".
(2) if it needs short-term financial funds, the number is "2".
Note 6: The transactions within the Group were eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements
		Name	Relationship with the company			
0	TSRC	TSRC (USA) Investment Corporation	4	(Note2)	840,630	460,620
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note2)	605,766	308,546
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note2)	1,072,593	1,022,576
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note2)	669,196	555,815
0	TSRC	TSRC Specialty Materials LLC	4	(Note2)	322,100	307,080

Note 1: The guarantee's relationship with the guarantor is as follows:
(1) A company with which it does business.
(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.

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

Unit: thousand NTD

Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company (Note 1)	Maximum financing limit for the lender (Note 2)
						Item	Value		
-	3.103%	2	-	Operating capital	-		-	152,996	305,991
-	0.288%	2	-	Operating capital	-		-	4,169,671	8,339,342
-	0.284%	2	-	Operating capital	-		-	1,800,344	3,600,687
92,124	2.00%~ 5.45%	2	-	Operating capital	-		-	1,800,344	3,600,687
-	0.12%~ 0.44%	2	-	Operating capital	-		-	1,188,188	2,376,375

Unit: thousand NTD

Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
50,822	-	2.49%	(Note3)	√		
6,895	-	1.67%	(Note3)			√
545,067	-	5.52%	(Note3)			
297,868	-	3.00%	(Note3)	√		
66,895	-	1.66%	(Note3)	√		

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

Note 2: The guaranteed amount by the Company is limited to 60% of total equity amounting to $11,115,930 thousand.
Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to $27,789,825 thousand.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

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

(iv) Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20% of the Company's paid-in capital: None.
(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the Company's paid-in capital: None.
(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the Company's paid-in capital: None.
(vii) Related-party transactions for purchases and sales with amounts exceeding NT$100 million or 20% of the Company's paid-in capital:

Name of company	Counter-party	Relationship
TSRC (Lux.) Corporation S.A R.L.	TSRC	Parent and subsidiary companies
TSRC	TSRC (Lux.) Corporation S.A R.L.	Parent and subsidiary companies
TSRC Specialty Materials LLC	TSRC	Parent and subsidiary companies
TSRC	TSRC Specialty Materials LLC	Parent and subsidiary companies
Polybus Corporation Pte Ltd	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	Related parties
Polybus Corporation Pte Ltd	Shen Hua Chemical Industries Co., Ltd.	Related parties
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	Related parties

Unit: thousand NTD

Ending balance				Maximum investment in 2021	Remarks
Number of shares	Book value	Holding percentage	Market value		
12,148,000	626,837	2.91%	626,837	209,878	
599,999	169,506	5.42%	169,506	65,143	
5,657,000	389,937	3.90%	389,937	64,296	
837,552	236,616	7.57%	236,616	58,626	
	1,422,896		1,422,896	397,943	

Unit: thousand NTD

Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Purchase	349,547	11.37%	70 days	-		(42,656)	(11.32)%	
Sale	(349,547)	(3.10)%	70 days	-		42,656	3.89%	
Purchase	230,118	6.47%	70 days	-		(35,349)	(11.30)%	
Sale	(230,118)	(2.04)%	70 days	-		35,349	3.22%	
Purchase	219,391	23.175%	40 days	-		(45,945)	(31.17)%	
Sale	(219,391)	(3.63)%	40 days	-		45,945	7.86%	
Purchase	676,903	71.47%	40 days	-		(86,218)	(58.50)%	
Sale	(676,903)	(8.40)%	40 days	-		86,218	6.31%	

Name of company	Counter-party	Relationship
TSRC (Lux.) Corporation S.A R.L.	TSRC Specialty Materials LLC	Related parties
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L.	Related parties
TSRC (Lux.) Corporation S.A R.L.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L.	Related parties

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

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the Company's paid-in capital: :

Name of related party	Counter-party	Relationship
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L.	Related parties
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L.	Related parties

Note 1: Transactions within the Group were eliminated in the consolidated financial statements.
Note 2: Until March 9, 2023.

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

(x) Business relationships and significant intercompany transactions:

No.	Name of Company	Name of counter party	Existing relationship with the counter-party
0	TSRC	TSRC (Nantong) Industries Ltd.	1
0	TSRC	TSRC (Nantong) Industries Ltd.	1
0	TSRC	TSRC (Lux.) Corporation S.A R.L.	1
0	TSRC	TSRC (Lux.) Corporation S.A R.L.	1
0	TSRC	Polybus Corporation Pte Ltd	1
0	TSRC	TSRC Specialty Materials LLC	1
0	TSRC	TSRC (Nantong) Industries Ltd.	1
0	TSRC	TSRC (Nantong) Industries Ltd.	1
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd	3
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L.	3
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L.	3

Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Purchase	647,106	21.05%	90 days	-		(132,835)	(35.25)%	
Sale	(647,106)	(13.56)%	90 days	-		132,835	21.57%	
Purchase	2,066,220	67.21%	70 days	-		(208,083)	(55.21)%	
Sale	(2,066,220)	(34.20)%	70 days	-		208,083	35.61%	

Unit: thousand NTD

Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period (Note 2)	Allowances for bad debts
		Amount	Action taken		
208,083	8.07	-		80,539	-
132,835	4.34	-		50,239	-

Unit: thousand NTD

Transaction details			
Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
Sales revenue	58,052	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.17%
Other income and expenses	77,013	〃	0.23%
Sales revenue	349,547	〃	1.03%
Accounts receivable	42,656	〃	0.12%
Sales revenue	53,408	〃	0.16%
Sales revenue	230,118	〃	0.68%
Other income and expenses	58,168	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.17%
Other receivable	94,058	〃	0.25%
Sales revenue	45,387	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.13%
Sales revenue	219,391	〃	0.65%
Accounts receivable	45,945	〃	0.13%
Sales revenue	2,066,220	〃	6.11%
Accounts receivable	208,083	〃	0.57%

No.	Name of Company	Name of counter party	Existing relationship with the counter-party
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3
1	TSRC (Nantong) Industries Ltd.	TSRC Specialty Materials LLC	3
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L.	3
2	TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L.	3
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3
3	Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd	3
3	Shen Hua Chemical Industries Co., Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3
4	TSRC (Lux.) Corporation S.A R.L.	TSRC	2
4	TSRC (Lux.) Corporation S.A R.L.	TSRC	2
5	TSRC (Hong Kong) Limited	TSRC (Vietnam) Co., Ltd.	3

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

(b) Information on investees:
The following is the information on investees for the year ended December 31, 2022 (excluding information on investees in Mainland China):

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

Transaction details			
Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
Other income and expenses	323,242	〃	0.96%
Sales revenue	38,194	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.11%
Sales revenue	647,106	The transaction is not significantly different from normal transactions, and the collection terms were about two months	1.91%
Accounts receivable	132,835	〃	0.36%
Sales revenue	676,903	The transaction is not significantly different from normal transactions, and the collection terms were about two months	2.00%
Accounts receivable	86,218	〃	0.24%
Sales revenue	49,535	〃	0.15%
Other income and expenses	42,857	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.13%
Other receivable	44,587	〃	0.12%
Account receivable-related parties	92,124	The loan term was one year	0.25%

Unit: thousand NTD/thousand USD/thousand EUR

Original cost		Ending balance			Maximum investment amount in 2022	Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Book value				
1,005,495	1,005,495	86,920,000	100.00%	16,625,264	1,005,495	1,203,074	1,203,074	Subsidiary
109,442	109,442	3,896,305	100.00%	659,062	109,442	(25,763)	(25,763)	Subsidiary
38,376	38,376	1,161,004	19.48%	139,786	38,376	(33,068)	(6,441)	Subsidiary (note 2)
387,585	342,742	-	100.00%	195,502	387,585	(89,784)	(89,784)	Subsidiary
1,999,122 (USD65,101)	1,999,122 (USD65,101)	105,830,000	100.00%	8,339,342	1,999,122	998,627	998,627	Indirectly owned subsidiary
3,189,026 (USD103,850)	3,189,026 (USD103,850)	103,850,000	100.00%	3,600,687	3,189,026	(674)	(674)	Indirectly owned subsidiary
905,057 (USD29,473)	905,057 (USD29,473)	222,861,375	50.00%	1,258,286	905,057	427,752	213,876	-
2,449,000 (EUR74,870)	2,449,000 (EUR74,870)	74,869,617	100.00%	3,184,003	2,449,000	(31,331)	(31,331)	Indirectly owned subsidiary
2,949,503 (USD96,050)	2,949,503 (USD96,050)	130	100.00%	3,053,602	2,949,503	(7,155)	(7,155)	Indirectly owned subsidiary

Name of investor	Name of investee	Address	Scope of business
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	23027 Elkana Deane Lane, Katy, Texas 77449-3696	Production and sale of TPE
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.708; EUR1 to NTD32.7102).
Note 2: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation, total directly and indirectly owns of equity are 100%.
Note 3: Transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2022
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,265,784 (USD41,220)	(2)a.	-
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	709,355 (USD23,100)	(2)c.	117,673 (USD3,832)
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	168,894 (USD5,500)	(2)b.	120,375 (USD3,920)
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	92,124 (USD3,000)	(2)d.	46,062 (USD1,500)
TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	1,228,320 (USD40,000)	(2)a.	30,708 (USD1,000)
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,228,179 (USD105,125)	(2)a.	204,147 (USD6,648)
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,375,718 (USD44,800)	(2)a.	-

Note 1: The method of investment is divided into the following four categories:
(1) Remittance from third-region companies to invest in Mainland China.
(2) Through the establishment of third-region companies then investing in Mainland China.
a. Through the establishment of Polybus Corporation Pte Ltd then investing in Mainland China.
b. Through the establishment of TSRC (Hong Kong) Limited then investing in Mainland China.
c. Through the establishment of Asia Pacific Energy Development Co., Ltd. then investing in Mainland China.
d. Through the establishment of Triton International Holdings Corporation then investing in Mainland China.
(3) Through transferring the investment to third-region existing companies then investing in Mainland China.
(4) Other methods: EX: delegated investments.
Note 2: The investment income (losses) were recognized under the equity method and based on the financial statements audited by the auditor of the Company.
Note 3: The investment income (losses) were recognized under the equity method and based on the financial statements audited by international accounting firms.
Note 4: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.708).
Note 5: The transactions within the Group were eliminated in the consolidated financial statements.

Original cost		Ending balance			Maximum investment amount in 2022	Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Book value				
6,713,291 (USD218,617)	6,713,291 (USD218,617)	-	100.00%	2,376,375	6,713,291	105,533	105,533	Indirectly owned subsidiary
1,535 (USD50)	1,535 (USD50)	50,000	100.00%	57,906	1,535	928	928	Indirectly owned subsidiary
147,368 (USD4,799)	147,368 (USD4,799)	4,798,566	80.52%	599,118	147,368	(33,068)	(26,627)	Indirectly owned subsidiary
346,540 (USD11,285)	346,540 (USD11,285)	7,522,337	37.78%	238,527	346,540	(159,265)	(60,170)	-

Unit: thousand NTD/thousand USD

Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2022	Net income (losses) of investee	Direct / indirect investment holding percentage	Maximum investment in 2022	Investment income (loss)	Book value	Accumulated remittance of earnings in current period
Remittance amount	Repatriation amount							
-	-	-	332,811	65.44%	828,329	217,791 (Note2)	2,450,932	4,786,340
-	-	117,673 (USD3,832)	(170,002)	28.34%	201,031	(48,179) (Note3)	258,053	358,308
-	-	120,375 (USD3,920)	30,217	100.00%	168,894	30,217 (Note2)	305,991	-
-	-	46,062 (USD1,500)	1,952	50.00%	46,062	976 (Note2)	57,604	74,060
-	-	30,708 (USD1,000)	498,796	55.00%	675,576	274,338 (Note2)	1,123,698	-
-	-	204,147 (USD6,648)	377,804	100.00%	3,228,179	377,804 (Note2)	3,897,485	440,864
-	-	-	312,041	50.00%	687,859	156,020 (Note3)	667,783	-

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

Company name	Accumulated investment amount in Mainland China as of December 31, 2022	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	518,965 (USD16,900)	5,752,683 (USD187,335) (Note2)	- (Note1)

Note 1: In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China" amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau, Ministry of Economic Affairs, on August 18, 2021. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from August 12, 2021 to August 11, 2024.

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

Note 3: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.708).

(iii) Significant transactions:

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

(d) Major shareholders:

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

<14> Segment information

(a) General information

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

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

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

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

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

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

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

	2022			
	Synthetic rubber	Non-synthetic rubber	Others	Total
Revenue:				
Revenue from external customers	$ 33,119,706	721,491	-	33,841,197
Interest revenue	74,867	1,791	8,472	85,130
Total revenue	$ 33,194,573	723,282	8,472	33,926,327
Interest expenses	$ 163,329	12,139	-	175,468
Depreciation and amortization	$ 1,174,431	118,419	14,725	1,307,575
Share of profit of equity-accounted investees (associates and jointly controlled entities)	$ 369,896	-	(59,194)	310,702
Reportable segment profit or loss	$ 3,249,724	(174,873)	(6,119)	3,068,732
Reportable segment assets and liabilities (note)	$ -	-	-	-

		2021			
		Synthetic rubber	Non-synthetic rubber	Others	Total
Revenue:					
Revenue from external customers	$	31,440,852	1,092,386	-	32,533,238
Interest revenue		24,125	5,546	405	30,076
Total revenue	$	31,464,977	1,097,932	405	32,563,314
Interest expenses	$	101,319	9,422	-	110,741
Depreciation and amortization	$	1,083,837	111,778	14,725	1,210,340
Share of profit of equity-accounted investees (associates and jointly controlled entities)	$	787,419	-	14,622	802,041
Reportable segment profit or loss	$	4,638,104	7,821	987,063	5,632,988
Reportable segment assets and liabilities (note)	$	-	-	-	-

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

(c) Geographical information

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

Geographical information		2022	2021
Revenue from external customers:			
China	$	13,445,972	13,941,357
United States		4,430,779	3,924,935
Taiwan		3,024,108	2,785,420
Vietnam		2,306,385	1,978,784
Thailand		1,698,054	1,686,829
Germany		1,678,279	1,403,295
Indonesia		737,503	542,843
Japan		732,579	684,196
Other countries		5,787,538	5,585,579
Total	$	33,841,197	32,533,238

Geographical information		December 31, 2022	December 31, 2021
Non-current assets:			
China	$	7,270,699	6,836,200
Taiwan		4,622,912	4,576,866
United States		1,609,869	1,605,206
Other countries		649,638	603,801
Total	$	14,153,118	13,622,073

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets.

(d) Information about major customers

For the years 2022 and 2021, the Group had no major customer who constituted 10% or more of net sales.

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, 2022 and 2021, 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. 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, 2022. 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:

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. Therefore, we consider it as the key audit matter.

How the matter was addressed in our audit:

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

2. Inventory measurement

Please refer to note 4(g), note 5, and note 6(f) for disclosures related to inventory measurement.

Description of key audit matter:

The inventory of TSRC Corporation includes various types of synthetic rubber and its raw material. Since the fierce competition in the rubber manufacturing industry and the price of main materials fluctuate frequently, 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. 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.

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ming-Hung Huang and Lin Wu.

KPMG

Taipei, Taiwan (Republic of China) March 9, 2023

TSRC CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
Assets	**Amount**	**%**	**Amount**	**%**
Current assets:				
Cash and cash equivalents (note 6(a))	$ 395,361	1	140,115	1
Financial assets at fair value through profit or loss - current (note 6(b))	14	-	713	-
Notes receivable, net (note 6(d))	-	-	1,857	-
Accounts receivable, net (note 6(d))	995,385	4	1,398,583	5
Account receivable - related parties (notes 6(d) and 7)	100,132	-	203,040	1
Other receivables (notes 6(e) and 7)	178,753	1	202,063	1
Inventories (note 6(f))	2,030,094	7	1,670,515	7
Other current assets	156,382	1	193,123	1
Total current assets	3,856,121	14	3,810,009	16
Non-current assets:				
Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,186,280	4	1,220,669	5
Investments accounted for under equity method (notes 6(g) and 7)	17,619,614	65	15,833,863	62
Property, plant and equipment (notes 6(h) and 9)	2,877,917	11	2,866,238	11
Right-of-use assets (note 6(i))	92,967	-	43,833	-
Investment property (notes 6(j) and (n))	1,537,423	6	1,552,148	6
Intangible assets (note 6(k))	66,408	-	69,112	-
Deferred income tax assets (note 6(p))	32,094	-	28,187	-
Other non-current assets	48,197	-	21,521	-
Total non-current assets	23,460,900	86	21,635,571	84
Total assets	$ 27,317,021	100	25,445,580	100

See accompanying notes to parent company only financial statements.

Chairman:Nita Ing　　Manager:Joseph Chai　　Chief Accountant: Hsing-Jung Lin

	December 31, 2022		December 31, 2021	
Liabilities and Equity	Amount	%	Amount	%
Current liabilities:				
Short-term borrowings (note 6(l))	$ 3,081,185	11	2,205,053	9
Short-term commercial paper payable (note 6(l))	249,704	1	-	2
Current portion of long-term borrowings (note 6(l))	522,552	2	400,000	-
Current portion of long-term payable (note 6(l))	349,767	1	-	-
Financial liabilities at fair value through profit or loss — current (note 6(b))	3,665	-	93	3
Accounts payables (note 7)	572,469	2	789,029	-
Current income tax liabilities	218,541	2	33,039	3
Other payable (notes 6(o), (s) and 7)	669,505	2	726,615	-
Current lease liabilities (note 6(m))	33,906	-	38,323	-
Other current liabilities	68,190	-	33,550	-
Total current liabilities	5,769,484	21	4,225,702	17
Non-Current liabilities:				
Long-term bank borrowings (note 6(l))	1,762,740	7	1,745,756	7
Other long-term borrowings (note 6(l))	-	-	349,922	1
Provision liabilities - non-current (note 7)	24,986	-	27,757	-
Deferred income tax liabilities (note 6(p))	1,139,433	4	959,693	4
Non-current lease liabilities (note 6(m))	59,190	-	6,124	-
Other non-current liabilities (notes 6(l) and (o))	34,638	-	104,676	-
Total non-current liabilities	3,020,987	11	3,193,928	12
Total liabilities	8,790,471	32	7,419,630	29
Equity attributable to shareholders of the company (notes 6(c), (o), (p), (q) and (w)):				
Common stock	8,257,099	30	8,257,099	32
Capital surplus	51,725	-	50,725	-
Retained earnings:				
Legal reserve	4,463,584	16	4,073,680	16
Unappropriated earnings	4,544,080	17	5,080,942	20
	9,007,664	33	9,154,622	36
Other equity:				
Financial statement translation differences for foreign operations	251,770	1	(456,708)	(2)
Unrealized gain on financial assets measured at fair value through other comprehensive income	1,004,081	4	1,047,059	5
Gains (losses) on hedging instrument	(45,789)	-	(26,847)	-
	1,210,062	5	563,504	3
Total equity	18,526,550	68	18,025,950	71
Total liabilities and equity	$ 27,317,021	100	25,445,580	100

See accompanying notes to parent company only financial statements.

Chairman:Nita Ing Manager:Joseph Chai Chief Accountant: Hsing-Jung Lin

TSRC CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

	2022 Amount	%	2021 Amount	%
Revenue (notes 6(t) and 7)	$ 11,291,163	100	11,150,474	100
Operating costs (notes 6(f), (h), (i), (k), (m), (o), (s) and 7)	9,145,145	81	8,950,930	80
Gross profit from operations	2,146,018	19	2,199,544	20
Less: Unrealized gain on affiliated transactions	5,616	-	27,755	-
Gross profit	2,140,402	19	2,171,789	20
Operating expenses (notes 6(d), (h), (i), (k), (m), (o), (s) and 7):				
Selling expenses	568,938	5	609,388	5
General and administrative expenses	524,158	5	526,203	5
Research and development expenses	270,613	2	263,947	2
Reversal of impairment loss determined in accordance with IFRS 9	(4)	-	(455)	-
Total operating expenses	1,363,705	12	1,399,083	12
Other income and expenses, net (notes 6(j), (n), (o), (u) and 7)	331,576	3	321,475	3
Operating profit (loss)	1,108,273	10	1,094,181	11
Non-operating income and expenses (notes 6(g), (h), (m), (v) and 7):				
Interest income	2,587	-	5,107	-
Other income	77,924	1	59,252	1
Other gains and losses	41,891	-	1,011,054	9
Finance costs	(83,145)	(1)	(59,273)	(1)
Share of profit from the subsidiaries, the associates and joint ventures	1,081,086	10	2,230,890	20
Total non-operating income and expenses	1,120,343	10	3,247,030	29
Net income before tax	2,228,616	20	4,341,211	40
Less: Income tax expenses (note 6(p))	445,853	4	410,272	4
Net income	1,782,763	16	3,930,939	36
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	51,983	-	(31,893)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(34,389)	-	382,434	3
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	(9,062)	-	127,068	1
Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(473)	-	21,345	-
Components of other comprehensive income that will not be reclassified to profit or loss	9,005	-	456,264	4
Items that may be reclassified subsequently to profit or loss				
Financial statements translation differences for foreign operations	708,478	6	(258,583)	(2)
Share of other comprehensive income of subsidiaries accounted for using equity method	(18,942)	-	54,272	-
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	689,536	6	(204,311)	(2)
Other comprehensive income	698,541	6	251,953	2
Total comprehensive income	$ 2,481,304	22	4,182,892	38
Basic earnings per share (in New Taiwan Dollars) (note 6(r))	$ 2.16		4.76	
Diluted earnings per share (in New Taiwan Dollars) (note 6(r))	$ 2.14		4.73	

See accompanying notes to parent company only financial statements.

Chairman:Nita Ing　　Manager:Joseph Chai　　Chief Accountant: Hsing-Jung Lin

TSRC CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

			Retained earnings		
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Total
Balance at January 1, 2021	$ 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	8,257,099	50,725	4,073,680	5,080,942	9,154,622
Appropriation and distribution:					
Legal reserve	-	-	389,904	(389,904)	-
Cash dividends	-	-	-	(1,981,704)	(1,981,704)
Other changes in capital surplus	-	1,000	-	-	-
Net income	-	-	-	1,782,763	1,782,763
Other comprehensive income (loss)	-	-	-	51,983	51,983
Total comprehensive income (loss)	-	-	-	1,834,746	1,834,746
Balance at December 31, 2022	$ 8,257,099	51,725	4,463,584	4,544,080	9,007,664

(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 incom	Gains (losses) on effective portion of cash flow hedges	Total	Total equity
(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
-	-	-	-	-
-	-	-	-	(1,981,704)
-	-	-	-	1,000
-	-	-	-	1,782,763
708,478	(42,978)	(18,942)	646,558	698,541
708,478	(42,978)	(18,942)	646,558	2,481,304
251,770	1,004,081	(45,789)	1,210,062	18,526,550

See accompanying notes to parent company only financial statements.

Chairman:Nita Ing Manager:Joseph Chai Chief Accountant: Hsing-Jung Lin

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

TSRC CORPORATION

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Net income before tax	$ 2,228,616	4,341,211
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	258,354	300,450
Amortization	24,139	20,108
Reversal of impairment loss determined in accordance with IFRS 9	(4)	(455)
Interest expense	83,145	59,273
Interest income	(2,587)	(5,107)
Dividend income	(77,924)	(59,252)
Share of profit of subsidiaries accounted for under equity method	(1,081,086)	(2,230,890)
Gain on disposal of property, plant and equipment	(120)	(1,011,238)
Unrealized gain on affiliated transactions	5,616	27,755
Amortization to operating costs and inventories	31,109	31,639
Unearned revenue from technology provided to investee	12,265	(2,608)
Total adjustments to reconcile profit and loss	(747,093)	(2,870,325)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	699	2,747
Notes receivable	1,857	485
Accounts receivable	403,202	(452,714)
Accounts receivable - related parties	102,908	(115,767)
Other receivables	24,331	(84,469)
Inventories	(359,579)	(186,589)
Other current assets	(14,623)	20,480
Total changes in operating assets, net	158,795	(815,827)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	3,572	12
Accounts payable	(216,560)	114,911
Other payables	(69,649)	219,729
Other current liabilities	34,640	18,911
Net defined benefit liability	(17,784)	(16,086)
Other non-current liabilities	(271)	(167)
Total changes in operating liabilities, net	(266,052)	337,310
Total changes in operating assets and liabilities, net	(107,257)	(478,517)

	2022	2021
Total adjustments	(854,350)	(3,348,842)
Cash provided by operating activities	1,374,266	992,369
Interest income received	2,566	5,334
Interest paid	(66,000)	(59,246)
Income taxes paid	(84,045)	(139,401)
Net cash flows from operating activities	1,226,787	799,056
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for under equity method	(44,843)	(64,462)
Acquisition of property, plant and equipment	(264,960)	(385,596)
Proceeds from disposal of property, plant and equipment	120	1,213,830
Decrease (increase) in other non-current assets	(26,676)	19,729
Dividends received	77,924	59,252
Decrease in restricted assets	51,364	129,299
Net cash flows from (used in) investing activities	(207,071)	972,052
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	20,691,474	18,098,954
Decrease in short-term borrowings	(19,815,342)	(18,591,383)
Increase in short-term commercial paper payable	1,555,000	-
Decrease in short-term commercial paper payable	(1,307,180)	-
Proceeds from long-term borrowings	539,031	1,673,109
Repayments of long-term borrowings	(399,495)	(2,601,071)
Decrease in other long-term borrowings	(5,372)	-
Payment of lease liabilities	(48,523)	(49,157)
Cash dividends paid	(1,974,063)	(297,241)
Over-aging unclaimed dividends	-	1,194
Net cash used in financing activities	(764,470)	(1,765,595)
Net increase in cash and cash equivalents	255,246	5,513
Cash and cash equivalents at beginning of period	140,115	134,602
Cash and cash equivalents at end of period	$ 395,361	140,115

See accompanying notes to parent company only financial statements.

Chairman:Nita Ing Manager:Joseph Chai Chief Accountant: Hsing-Jung Lin

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021 (Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

<1> Company history

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

<2> Approval date and procedures of the financial statements

The parent company only financial statements were approved by the Board of Directors and published on March 9, 2023.

<3> New standards, amendments and interpretations adopted:

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

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

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

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

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

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

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

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

<4> Summary of significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

(ii) Functional and presentation currency

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

(c) Foreign currency

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

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

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

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

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

(i) An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.
1) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
2) It holds the asset primarily for the purpose of trading;
3) It expects to realize the asset within twelve months after the reporting period; or
4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

5) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

6) Financial guarantee contract

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

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

(iii) Derivative financial instruments

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

(g) Inventories

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

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

(h) Investment in associates

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

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

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

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

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

(i) Investment in subsidiaries

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

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

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

(j) Joint arrangement

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Reclassification to investment properties

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

(iii) Subsequent cost

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

(iv) Depreciation

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

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

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

Land improvements	8~30 years
Buildings	3~60 years
Machinery	3~50 years
Furniture and fixtures equipment	3~8 years

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

(l) Investment property

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

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

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

(m) Leases

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

(i) As a leasee

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

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

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

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

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

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment of the underlying asset purchase option; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

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

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

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

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

(ii) As a lessor

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

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

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

(n) Intangible assets

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

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

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

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

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

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

(o) Impairment - non-financial assets

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

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

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

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

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

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

(p) Provisions

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

(q) Revenue

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

(i) Sale of goods

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

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

(ii) Management services

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

(iii) Financing components

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

(r) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(s) Government grants

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

(t) Income tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction;
(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

(i) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
    i the same taxable entity; or
    ii different taxable entities which intend annually either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities, simultaneously.

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

(u) Earnings per share

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

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

(v) Operating segments

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

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

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

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

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

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

Inventory measurement

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

<6> Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Checking and savings deposits	$ 215,574	110,115
Commercial paper with reverse sell agreements	179,787	30,000
Cash and cash equivalents per statements of cash flow	$ 395,361	140,115

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

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

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward contracts / Swap contracts	$ 14	713

	December 31, 2022	December 31, 2021
Financial liabilities held for trading:		
Derivative instruments not used for hedging		
Forward contracts / Swap contracts	$ 3,665	93

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

	December 31, 2022			
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR USD	950/ 1,012	EUR/USD	2023.01.11~2023.02.13
Swap contracts	TWD USD	79,905/ 2,500	TWD/USD	2023.01.31
Swap contracts	EUR USD	100/ 105	EUR/USD	2023.01.09
Swap contracts	JPY USD	21,000 / 153	JPY/USD	2023.02.03

	December 31, 2021			
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR USD	1,830/ 2,081	EUR/USD	2022.01.12~2022.03.11
Swap contracts	EUR USD	1,100/ 1,255	EUR/USD	2022.01.12~2022.03.11
Swap contracts	JPY USD	16,411/ 144	JPY/USD	2022.01.12

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

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income:		
Listed stocks (domestic)	$ 626,837	668,140
Unlisted stocks (domestic and overseas)	559,443	552,529
Total	$ 1,186,280	1,220,669

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

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

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

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

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

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

	Foreign currency amount (thousand dollars)	Exchange rate	NTD
December 31, 2022			
THB	$ 189,583	0.8941	169,506
December 31, 2021			
THB	205,905	0.8347	171,869

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

	December 31, 2022	December 31, 2021
Notes receivable	$ -	1,857
Accounts receivable	996,614	1,399,816
Accounts receivable - related parties	100,132	203,040
Less: allowance for impairment	1,229	1,233
	$ 1,095,517	1,603,480

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

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 1,087,955	0.02%~0.11%	497
1 to 30 days past due	7,470	1.81%	135
31 to 90 days past due	1,321	24.13%~65.15%	597
	$ 1,096,746		1,229

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 1,591,657	0.05%~0.14%	914
1 to 30 days past due	13,056	2.44%	319
	$ 1,604,713		1,233

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

	2022	2021
Balance at beginning of period	$ 1,233	1,688
Impairment loss reversed	(4)	(455)
Balance at end of period	$ 1,229	1,233

The Company did not hold any collateral for the collectible amounts. For other credit risk please refers to note 6(x).

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

(e) Other receivables (including related parties)

	December 31, 2022	December 31, 2021
Other receivables - related parties	$ 136,605	194,635
Other	42,148	7,428
	$ 178,753	202,063

As of December 31, 2022 and 2021, the Company had no other receivables that were past due. For other credit risk information, please refers to note 6(x).

(f) Inventories

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

	December 31, 2022	December 31, 2021
Raw materials	$ 475,560	388,812
Supplies	3,006	4,738
Work in progress	123,261	108,696
Finished goods	1,417,621	1,155,198
Merchandise	10,646	13,071
Total	$ 2,030,094	1,670,515

As of December 31, 2022 and 2021, the Company did not pledge any collateral on inventories.

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

		2022	2021
Loss on (reversal of) decline in market value of inventory	$	12,141	(69,924)
Loss on physical inventory, net		2,213	-
Income from sale of scrap		(28,980)	(21,880)
Unallocated production overhead		127,015	87,509
Total	$	112,389	(4,295)

(g) Investments accounted for under the equity method

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

		December 31, 2022	December 31, 2021
Subsidiaries	$	17,619,614	15,833,863

As of December 31, 2022 and 2021, the Company did not pledge any collateral on investments accounted for under the equity method.

(h) Property, plant and equipment

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

		Land	Land improvements	Buildings
Cost or deemed cost:				
Balance at January 1, 2022	$	619,804	85,030	1,229,777
Additions		-	-	-
Disposals		-	-	-
Reclassification		-	-	1,245
Balance at December 31, 2022	$	619,804	85,030	1,231,022
Balance at January 1, 2021	$	821,469	85,030	1,215,684
Additions		-	-	-
Disposals		(201,665)	-	-
Reclassification		-	-	14,093
Balance at December 31, 2021	$	619,804	85,030	1,229,777
Depreciation and impairment loss:				
Balance at January 1, 2022	$	-	72,749	958,186
Depreciation		-	2,485	28,057
Disposal		-	-	-
Balance at December 31, 2022	$	-	75,234	986,243
Balance at January 1, 2021	$	-	70,264	928,910
Depreciation		-	2,485	29,276
Disposal		-	-	-
Balance at December 31, 2021	$	-	72,749	958,186
Carrying value:				
December 31, 2022	$	619,804	9,796	244,779
December 31, 2021	$	619,804	12,281	271,591
January 1, 2021	$	821,469	14,766	286,774

To optimize the Company' s asset, the Company disposed its real estate located in Kaohsiung City, Renwu Dist. to a non-related party for $1,220,000 thousands, with a book value of $201,665 thousand based on the resolution approved during the board meeting held on March 11, 2021. All relevant transactions amounting to $909,118 thousands, recognized as gain, had been completed in July 2021.

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

(i) Right-of-use assets

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

		Land	Building	Machinery	Transportation equipment	Total
Cost:						
Balance at January 1, 2022	$	2,043	62,280	20,365	3,224	87,912
Additions		-	73,486	-	2,519	76,005
Write-off		-	(53,681)	-	(2,451)	(56,132)
Lease modification		(114)	-	20,767	-	20,653
Amortization to operating costs and inventories		-	(3,822)	(27,287)	-	(31,109)
Balance at December 31, 2022	$	1,929	78,263	13,845	3,292	97,329
Balance at January 1, 2021	$	1,402	56,219	11,443	3,309	72,373
Additions		641	10,547	36,075	985	48,248
Write-off		-	-	-	(1,070)	(1,070)

Machinery	Furniture and fixtures	Leased assets	Prepayments for equipment and construction in progress	Total
9,486,427	109,774	-	464,151	11,994,963
-	-	-	260,328	260,328
(60,840)	(195)	-	-	(61,035)
202,838	600	-	(226,118)	(21,435)
9,628,425	110,179	-	498,361	12,172,821
9,367,035	109,970	-	302,234	11,901,422
-	-	-	384,013	384,013
(64,349)	(336)	-	-	(266,350)
183,741	140	-	(222,096)	(24,122)
9,486,427	109,774	-	464,151	11,994,963
8,008,046	89,744	-	-	9,128,725
187,473	9,199	-	-	227,214
(60,840)	(195)	-	-	(61,035)
8,134,679	98,748	-	-	9,294,904
7,842,890	80,601	-	-	8,922,665
228,578	9,479	-	-	269,818
(63,422)	(336)	-	-	(63,758)
8,008,046	89,744	-	-	9,128,725
1,493,746	11,431	-	498,361	2,877,917
1,478,381	20,030	-	464,151	2,866,238
1,524,145	29,369	-	302,234	2,978,757

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

		Land	Building	Machinery	Transportation equipment	Total
Amortization to operating costs and inventories		-	(4,486)	(27,153)	-	(31,639)
Balance at December 31, 2021	$	2,043	62,280	20,365	3,224	87,912

		Land	Building	Machinery	Transportation equipment	Total
Accumulated depreciation and impairment losses:						
Balance at January 1, 2022	$	764	41,079	-	2,236	44,079
Depreciation		312	15,086	-	1,017	16,415
Write-off		-	(53,681)	-	(2,451)	(56,132)
Balance at December 31, 2022	$	1,076	2,484	-	802	4,362
Balance at January 1, 2021	$	561	26,443	-	2,238	29,242
Depreciation		203	14,636	-	1,068	15,907
Write-off		-	-	-	(1,070)	(1,070)
Balance at December 31, 2021	$	764	41,079	-	2,236	44,079
Carrying value:						
December 31, 2022	$	853	75,779	13,845	2,490	92,967
December 31, 2021	$	1,279	21,201	20,365	988	43,833
January 1, 2021	$	841	29,776	11,443	1,071	43,131

(j) Investment property

		Land	Buildings	Total
Cost:				
Balance as at January 1, 2022	$	1,073,579	741,889	1,815,468
Additions		-	-	-
Balance as at December 31, 2022	$	1,073,579	741,889	1,815,468
Balance as at January 1, 2021	$	1,073,579	741,889	1,815,468
Additions		-	-	-
Balance as at December 31, 2021	$	1,073,579	741,889	1,815,468
Depreciation:				
Balance as at January 1, 2022	$	-	263,320	263,320
Depreciation		-	14,725	14,725
Balance as at December 31, 2022	$	-	278,045	278,045
Balance as at January 1, 2021	$	-	248,595	248,595
Depreciation		-	14,725	14,725
Balance as at December 31, 2021	$	-	263,320	263,320
Carrying value:				
Balance as at December 31, 2022	$	1,073,579	463,844	1,537,423
Balance as at December 31, 2021	$	1,073,579	478,569	1,552,148
Balance as at January 1, 2021	$	1,073,579	493,294	1,566,873
Fair value:				
Balance as at December 31, 2022				$ 3,347,503
Balance as at December 31, 2021				$ 3,336,956
Balance as at January 1, 2021				$ 3,336,956

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 3~10 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(u) for further information.

The fair value of investment property (as disclosed in the financial statements) is based on a valuation by an independent appraiser. The recurring fair value measurement for the investment properties has been categorized as a Level 3 fair value based on the input to the valuation technique used. The range of yields applied to the net annual rentals to determine the fair value of the property were as follows:

Region	2022	2021
Da'an Dist., Taipei City	1.85%	2.10%

As of December 31, 2022 and 2021, the Company did not pledge any collateral on investment properties.

(k) Intangible assets

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

	Industrial technology	Computer software	Total
Costs:			
Balance at January 1, 2022	$ 107,213	204,225	311,438
Reclassification	-	21,435	21,435
Balance at December 31, 2022	$ 107,213	225,660	332,873
Balance at January 1, 2021	$ 99,213	188,103	287,316
Reclassification	8,000	16,122	24,122
Balance at December 31, 2021	$ 107,213	204,225	311,438
Amortization:			
Balance at January 1, 2022	$ 58,353	183,973	242,326
Amortization	9,677	14,462	24,139
Balance at December 31, 2022	$ 68,030	198,435	266,465
Balance at January 1, 2021	$ 47,965	174,253	222,218
Amortization	10,388	9,720	20,108
Balance at December 31, 2021	$ 58,353	183,973	242,326
Carrying value:			
December 31, 2022	$ 39,183	27,225	66,408
December 31, 2021	$ 48,860	20,252	69,112
January 1, 2021	$ 51,248	13,850	65,098

(i) In 2022 and 2021, the amortization of intangible assets were as follows:

	2022	2021
Operating costs	$ 8,253	5,493
Operating expenses	15,886	14,615
	$ 24,139	20,108

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

(l) Short-term and long-term borrowings

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

(i)Short-term borrowings

	December 31, 2022			
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities (include credit lives of bills issued)
Unsecured loans	1.41~5.85	2023	$ 3,081,185	6,883,274

	December 31, 2021			
	Range of interest rates (%)	Year of maturity	Amount	The unused credit facilities (include credit lives of bills issued)
Unsecured loans	0.73~0.88	2022	$ 2,205,053	6,924,557

(ii) Short-term commercial paper payable

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

	December 31, 2022			
	Guarantee or acceptance institution	Range of interest rates (%)		Amount
Commercial paper payable	International Bills Finance Corporation	2.058	$	250,000
Less: Discount on commercial paper payable				296
Total			$	249,704

(iii) Long-term borrowings

	December 31, 2022				
	Currency	Range of interest rates (%)	Year of maturity		Amount
Unsecured loans	NTD	1.05~1.93	2023~2027	$	2,285,292
Current				$	522,552
Non-current					1,762,740
Total				$	2,285,292

	December 31, 2021				
	Currency	Range of interest rates (%)	Year of maturity		Amount
Unsecured loans	NTD	0.95~1.25	2022~2025	$	2,145,756
Current				$	400,000
Non-current					1,745,756
Total				$	2,145,756

The Company applied the "Welcoming the Return of Taiwanese Investment Initiative Act" loan of $478,000 thousand from the bank in 2020. As of December 31, 2022 and 2021, the Company has used the amounts of $185,292 thousand and $148,837 thousand, which were measured and recognized based on the market interest rate of 1.66% and 1.2%; and the difference between the actually interest rate of 1.075% and 0.45% and the market interest rate of 1.66% and 1.2% had been recorded as government subsidy under deferred income.

(iv) Long-term commercial paper payable (recorded as current portion of long-term payable and long-term borrowings)

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

	December 31, 2022			
	Guarantee or acceptance institution	Range of interest rates (%)		Amount
Long-term commercial paper payable	CTBC Bank	1.865	$	350,000
Less: discount				233
Less: current portion				349,767
Total			$	-

	December 31, 2021			
	Guarantee or acceptance institution	Range of interest rates (%)		Amount
Long-term commercial paper payable	CTBC Bank	1.164	$	350,000
Less: discount				78
Total			$	349,922

(v) Collateral of loans

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

(m) Lease liabilities

The Company's lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ 33,906	38,323
Non-current	$ 59,190	6,124

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

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 514	905
Expenses relating to short-term leases	$ 694	686
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 870	638

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

	2022	2021
Total cash outflow for leases	$ 50,601	51,386

(n) Operating leases

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

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

	December 31, 2022	December 31, 2021
Less than one year	$ 63,921	66,190
One to two years	51,378	58,553
Two to three years	16,771	46,791
Three to four years	17,875	12,138
Four to five years	18,119	13,241
More than five years	30,687	42,990
Total undiscounted lease payments	$ 198,751	239,903

In 2022 and 2021, the rental income from investment property amounted to $71,624 thousand and $73,422 thousand, respectively.

(o) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	December 31, 2021
The present value of the defined benefit obligations	$ 555,084	605,909
Fair value of plan assets	(538,877)	(519,935)
The net defined benefit liability	$ 16,207	85,974

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

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, ministry

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of Labors. Minimum annual distributions of the funds by the Bureau shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $538,877 thousand at the end of the current reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labors.

2) Movements in present value of defined benefit obligation

The movements in present value of the Company's defined benefit obligation for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Defined benefit obligation as of January 1	$	605,909	606,090
Current service costs and interest		7,868	8,891
Remeasurements of net defined benefit liability (asset)			
- Return on plan assets (excluding current interest expense)		42,851	6,392
- Due to changes in financial assumption of actuarial gains (losses)		(51,983)	31,893
Benefits paid by the plan		(49,561)	(47,357)
Defined benefit obligation as of December 31	$	555,084	605,909

3) Movements in fair value of plan assets

The movements in the fair value of the plan assets for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Fair value of plan assets as of January 1	$	519,935	535,923
Expected return		2,533	3,241
Remeasurements of net defined benefit liability (asset)			
- Return on plan assets (excluding current interest expense)		42,851	6,392
Contributions made		23,119	21,736
Benefits paid by the plan		(49,561)	(47,357)
Fair value of plan assets as of December 31	$	538,877	519,935

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Current service cost	$	4,916	5,226
Net interest on the defined benefit liability (asset)		419	424
	$	5,335	5,650

		2022	2021
Operating costs	$	3,288	3,402
Operating expenses		1,646	1,972
Other income and expenses		401	276
	$	5,335	5,650

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions at the reporting dates:

	December 31, 2022	December 31, 2021
Discount rate	1.500%	0.500%
Future salary increases rate	1.500%	1.500%

The Company expects to make contributions of $0 thousand to the defined benefit plans in the next year starting from the reporting date of 2022.

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The weighted average duration of the defined benefit plan is 9.07 years for the year ended December 31, 2022.

6) Sensitivity analysis

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

As of December 31, 2022 and 2021, the effects on the present value of the defined benefit obligation arising from changes in principle actuarial assumptions were as follows:

		Effects on defined benefit obligation	
		Increase 0.25%	Decrease 0.25%
December 31, 2022			
Discount rate	$	(9,339)	9,612
Future salary increase rate		9,239	(9,016)
December 31, 2021			
Discount rate		(11,357)	11,661
Future salary increase rate		11,132	(10,893)

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

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

(ii) Defined contribution plans

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

The Company's pension costs under the defined contribution plan were $28,265 thousand and $27,619 thousand for the years 2022 and 2021, respectively. Payments were made to the Bureau of Labor Insurance.

(iii) Short-term employee benefit liabilities

		December 31, 2022	December 31, 2021
Compensated absence liabilities	$	32,814	29,339

(p) Income tax

(i) Income tax expenses

The amounts of the Company's income tax expenses for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Current income tax expense			
Current period	$	259,716	172,339
Adjustment for prior periods		9,831	50
		269,547	172,389
Deferred tax expense			
Origination and reversal of temporary differences		176,306	237,883
		176,306	237,883
Income tax expenses of continued operations	$	445,853	410,272

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

The amounts of the Company's income tax expenses recognized under other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) on equity instruments at fair value through other comprehensive income	(473)	21,345

Reconciliations of the Company's income tax expense (benefit) and the profit before tax for 2022 and 2021 were as follows:

	2022	2021
Income before tax	$ 2,228,616	4,341,211
Income tax using the Company's domestic tax rate	$ 445,723	868,242
Tax exempt income	(11,814)	(213,172)
Adjustment for prior periods	9,831	50
R&D tax credits utilized	(29,889)	(21,529)
Change in unrecognized temporary differences	(34,169)	(329,128)
5% surtax on undistributed earnings	69,036	-
Land value increment tax	-	103,118
Others	(2,865)	2,691
Total	$ 445,853	410,272

(ii) Recognized deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments accounted for under the equity method as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2022	December 31, 2021
Aggregate amount of temporary differences related to investments accounted for under the equity method	$ 1,398,010	1,227,164
Unrecognized deferred tax liabilities	$ 279,602	245,433

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

Deferred tax assets:

	Defined benefit plans	Allowance for inventory valuation	Loss carry-forward	Others	Total
Balance at January 1, 2022	$ -	11,622	11,142	5,423	28,187
Recognized in profit or loss	-	2,428	1,123	356	3,907
Balance at December 31, 2022	$ -	14,050	12,265	5,779	32,094
Balance at January 1, 2021	$ 2,718	25,623	5,591	33,194	67,126
Recognized in profit or loss	(2,718)	(14,001)	5,551	(27,771)	(38,939)
Balance at December 31, 2021	$ -	11,622	11,142	5,423	28,187

Deferred tax liabilities:

	Foreign investment income accounted for under equity method	Capitalization of interest expense	Land value increment tax	Others	Total
Balance at January 1, 2022	$ 843,380	34,400	56,683	25,230	959,693
Recognized in profit or loss	182,048	(1,034)	-	(801)	180,213
Recognized in other comprehensive loss	-	-	-	(473)	(473)
Balance at December 31, 2022	$ 1,025,428	33,366	56,683	23,956	1,139,433
Balance at January 1, 2021	$ 642,096	35,433	56,683	5,192	739,404
Recognized in profit or loss	201,284	(1,033)	-	(1,307)	198,944
Recognized in other comprehensive income	-	-	-	21,345	21,345
Balance at December 31, 2021	$ 843,380	34,400	56,683	25,230	959,693

(iii) Assessed of tax

The tax returns of the Company have been assessed by the tax authorities through 2020.

(q) Capital and other equity

(i) Capital

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

As of December 31, 2022 and 2021, 825,709,978 shares of ordinary were issued.

(ii) Additional paid-in capital

The components of additional paid-in capital, were as follows:

	December 31, 2022	December 31, 2021
Share premium	$ 849	849
Over-aging unclaimed dividends	50,876	49,876
	$ 51,725	50,725

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

(iii) Retained earnings

1) Legal reserve

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

2) Special earnings reserve

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gains) under shareholders' equity were reclassified to retained earnings at the adoption date. An increase in retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC shall be reclassified as a special earnings reserve during earnings distribution. However, when adjusted retained earnings due to the first-time adoption of the IFRSs endorsed by the FSC are insufficient for the appropriation of a special earnings reserve at the transition date, the Company may appropriate a special earnings reserve up to the amount of increase in retained earnings. Upon the use, disposal, or reclassification of related assets, the Company may reverse the special earnings reserve proportionately. As a result of elections made according to IFRS 1, the Company has reclassified $(103,035) thousand to retained earnings and is not required to appropriate a special earnings reserve.

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

3) Distribution of retained earnings

In accordance with the Company's articles of incorporation, when allocating the earnings for each fiscal year, the Company may, after offsetting losses from previous years, and paying taxes, and setting aside any statutory and appropriated retained earnings of 10% by ordinary resolution, allocate the remaining balance dividends, retained earnings or otherwise. The allocation shall be proposed by the Board of Directors for a resolution at the shareholders' general meeting. However, dividends issued in cash may be approved by the Board of Directors with more than two thirds of the directors' attendance, and be resolved by more than half of the directors, thereafter, to be reported during the shareholders' general meeting.

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

The above mentioned distribution of surplus shall be decided by the Board of Directors; thereafter, to be submitted to the shareholders' meeting for approval.

The distribution of 2021 and 2020 earnings as dividends to stockholders that were approved by the Company's shareholders' general meetings on June 17, 2022 and August 4, 2021, respectively, were as follows:

	2021		2020	
	Amount per share (NTD)	Total amount	Amount per share (NTD)	Total amount
Dividends distributed to common shareholders:				
Cash	$ 2.40	1,981,704	0.36	297,256

On March 9, 2023, the Company's Board of Directors resolved to appropriate the 2022 earnings as follows:

	2022	
	Amount per share (NTD)	Total amount
Dividends distributed to common shareholders:		
Cash	$ 1.08	891,767

(iv) Other equities (net for tax)

	Foreign exchange differences arising from foreign	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2022	$ (456,708)	1,047,059	(26,847)	563,504
Foreign exchange differences arising from foreign operation	708,478	-	-	708,478
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(42,978)	-	(42,978)
Share of other comprehensive income of investments accounted for under equity method, losses on effective portion of cash flow hedges	-	-	(18,942)	(18,942)
Balance as of December 31, 2022	$ 251,770	1,004,081	(45,789)	1,210,062
Balance as of January 1, 2021	$ (198,125)	558,902	(81,119)	279,658
Foreign exchange differences arising from foreign operation	(258,583)	-	-	(258,583)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	488,157	-	488,157
Share of other comprehensive income of investments accounted for under equity method, losses on effective portion of cash flow hedges	-	-	54,272	54,272
Balance as of December 31, 2021	$ (456,708)	1,047,059	(26,847)	563,504

(r) Earnings per share

The calculations of the Company's basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

		2022	2021
Net income attributable to common shareholders of the Company	$	1,782,763	3,930,939
Weighted-average number of common shares (in thousands)		825,710	825,710
Basic earnings per share (in NTD)	$	2.16	4.76

(ii) Diluted earnings per share

		2022	2021
Net income attributable to common shareholders of the Company (diluted)	$	1,782,763	3,930,939
Weighted-average number of common shares (basic) (in thousands)		825,710	825,710
Impact on potential common shares			
Effect on employees' compensation (in thousands)		5,788	4,515
Weighted-average number of shares outstanding (diluted) (in thousands)		831,498	830,225
Diluted earnings per share (in NTD)	$	2.14	4.73

(s) Remuneration to employees and directors

In accordance with the Company's articles of incorporation, if there is profit for the year, the Company should contribute more than 1% of its profit as employees' remuneration,, and less than 1% as directors' remuneration. The related regulations on the distribution of remunerations to employees and directors will have to be approved by the Board of Directors.

For the years ended December 31, 2022 and 2021, the Company recognized the employees' compensation of $130,999 thousand and $171,609 thousand, respectively, and the directors' remuneration of $11,857 thousand and $22,677 thousand, respectively. The amounts were estimated based on the profit-sharing percentages set by the Articles of Incorporation and were recorded as operating cost or operating expenses in the respective periods. Related information would be available at the Market Observation Post System website. There were no differences between the amounts distributed by the Board of Directors and the estimated amounts in the Company's financial reports for the years of 2022 and 2021.

(t) Revenue from contracts with customers

		2022		
		Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:				
Asia	$	9,273,943	244,249	9,518,192
America		1,107,137	166	1,107,303
Europe		537,825	-	537,825
Others		127,843	-	127,843
	$	11,046,748	244,415	11,291,163
Major product lines:				
Synthetic rubber / elastomers	$	10,634,948	-	10,634,948
Applied materials		-	240,124	240,124
Others		411,800	4,291	416,091
	$	11,046,748	244,415	11,291,163

		2021		
		Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:				
Asia	$	8,763,012	544,808	9,307,820
America		1,248,520	-	1,248,520
Europe		394,225	-	394,225
Others		199,909	-	199,909
	$	10,605,666	544,808	11,150,474
Major product lines:				
Synthetic rubber / elastomers	$	10,326,233	-	10,326,233
Applied materials		-	540,101	540,101
Others		279,433	4,707	284,140
	$	10,605,666	544,808	11,150,474

(u) Other income and expenses

The components of the Company's other income and expenses for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Rental income	$	71,624	73,422
Royalty income		248,645	238,820
Net service income		7,200	6,358
Depreciation of investment properties		(14,725)	(14,725)
Net other income (losses)		18,832	17,600
Other income and expenses	$	331,576	321,475

(v) Non-operating income and expenses

(i) Interest income

		2022	2021
Interest income from bank deposits	$	2,587	5,107

(ii) Other gains

		2022	2021
Dividend income	$	77,924	59,252

(iii) Other gains and losses

The components of the Company's other gains and losses for the years ended December 31, 2022 and 2021 were as follows:

		2022	2021
Gain on disposal of property, plant and equipment, net	$	120	1,011,238
Foreign exchange gain (loss), net		32,053	(4,113)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss		9,498	2,629
Other gain (loss)		220	1,300
Other gains and losses, net	$	41,891	1,011,054

(iv) Finance costs

		2022	2021
Interest expense	$	83,145	59,273

(w) Reclassification of components of other comprehensive income

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

		2022	2021
Effective portion of cash flow hedges:			
Net gains (losses) for current year	$	(3,511)	29,376
Less: Adjustment of reclassification included in profit or loss		15,431	(24,896)
Net gains (losses) recognized in other comprehensive income	$	(18,942)	54,272

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum credit risk exposure of the Company's financial assets is equal to their carrying amount. As of December 31, 2022 and 2021, the maximum credit risk exposure amounted to $2,870,835 thousand and $3,181,838 thousand, respectively.

2) Concentration of credit risk

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

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

(ii) Liquidity risk

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

	Contractual cash flows	Within 1 years	1-2 years	2-5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings (including short-term commercial paper payable)	$ 3,342,483	3,342,483	-	-	-
Accounts payable	572,469	572,469	-	-	-
Other payable	669,505	669,505	-	-	-
Long-term borrowings (including other long-term borrowings, current portion and current portion of long-term payable)	2,697,747	906,374	1,294,496	496,877	-
Lease liabilities	95,358	34,808	17,692	42,595	263
Deposits received	16,804	-	1,290	11,247	4,267
Derivative financial liabilities					
Other swap contracts / Other forward contracts:					
Outflow	3,665	3,665	-	-	-
	$ 7,398,031	5,529,304	1,313,478	550,719	4,530
December 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	$ 2,207,590	2,207,590	-	-	-
Accounts payable	789,029	789,029	-	-	-
Other payable	726,615	726,615	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	2,549,024	425,256	888,769	1,234,999	-
Lease liabilities	44,841	38,624	4,491	1,322	404
Deposits received	16,854	-	2,487	11,247	3,120
Derivative financial liabilities					
Other forward contracts:					
Outflow	93	93	-	-	-
	$ 6,334,046	4,187,207	895,747	1,247,568	3,524

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

(iii) Currency risk

1) Risk exposure

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

		Foreign currency (thousand dollars)	Exchange rate	NTD
December 31, 2022				
Financial assets:				
Monetary assets:				
USD	$	32,867	30.7080	1,009,280
EUR	$	2,314	32.7102	75,691
JPY	$	15,123	0.2324	3,515
CNY	$	18,078	4.4078	79,684
Financial liabilities:				
Monetary liabilities:				
USD	$	37,383	30.7080	1,147,957
EUR	$	3,045	32.7102	99,603
JPY	$	21,009	0.2324	4,882
December 31, 2021				
Financial assets:				
Monetary assets:				
USD	$	53,938	27.6900	1,493,543
EUR	$	2,912	31.3035	91,156
JPY	$	29,731	0.2404	7,147
CNY	$	17,975	4.3446	78,094
Financial liabilities:				
Monetary liabilities:				
USD	$	55,916	27.6900	1,548,314
EUR	$	3,128	31.3035	97,917
JPY	$	16,415	0.2404	3,946

2) Sensitivity analysis

The Company's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, loans and borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the foreign currency had depreciated / appreciated by 1% and all the factors are remaining unchanged. The Company's net income before tax would have decreased / increased by $843 thousand for the year ended December 31, 2022, the Company's net income before tax would have increased / decreased by $198 thousand for the year ended December 31, 2021, respectively, with all other variable factors remaining constant, the analysis was performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

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

	2022			2021	
	Foreign exchange gain (loss)		Average exchange rate	Foreign exchange gain (loss)	Average exchange rate
NTD	$	32,053	-	(4,113)	-

(iv) Interest rate risk analysis

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

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

If the interest rate had increased / decreased by 1%, the Company's net income before tax would have decreased / increased by $59,659 thousand and $47,007 thousand for the years ended December 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at floating rates.

(v) Fair value

1) Categories and fair value of financial instruments

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

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 14	-	14	-	14
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	626,837	626,837	-	-	626,837
Unlisted stocks (domestic and overseas)	559,443	-	-	559,443	559,443
Subtotal	1,186,280	626,837	-	559,443	1,186,280
Total	$ 1,186,294	626,837	14	559,443	1,186,294
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 3,665	-	3,665	-	3,665

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 713	-	713	-	713
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	668,140	668,140	-	-	668,140
Unlisted stocks (domestic and overseas)	552,529	-	-	552,529	552,529
Subtotal	$ 1,220,669	668,140	-	552,529	1,220,669
Total	$ 1,221,382	668,140	713	552,529	1,221,382
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 93	-	93	-	93

2) Valuation techniques and assumptions used in fair value determination

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

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

3) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2022	$ 552,529
Total gains recognized:	
In other comprehensive income	6,914
Balance at December 31, 2022	$ 559,443
Balance at January 1, 2021	$ 838,235
Total gains recognized:	
In other comprehensive income	297,884
Transfer into level 1	(583,590)
Balance at December 31, 2021	$ 552,529

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - equity investments without an active market	Comparative listed company	· Multipliers of price-to-earnings ratios as of December 31, 2022 and 2021 were 9.36~17.59 and 9.45~20.31, respectively · Market liquidity discount rate as of December 31, 2022 and 2021 was both 20%	· the estimated fair value would have been higher if the price-to-earnings would be higher. · the estimated fair value would have been higher if the market liquidity discount would be lower.

Since Evergreen Steel Corporation was listed in April 2021, its fair value measurement was transferred from the level 3 to level 1.

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

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

	Input	Assumptions	Other comprehensive income: Favorable	Other comprehensive income: Unfavorable
December 31, 2022				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	$ 6,995	(6,995)
December 31, 2021				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	$ 6,905	(6,905)

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

(y) Financial risk management

(i) Overview

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

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

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

(ii) Risk management framework

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

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

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

(iii) Credit risk

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

1) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. In 2022 and 2021, there was no geographical concentration of credit risk regarding the Company's revenue.

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

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

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

2) Investments

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

3) Guarantees

The Company's policy allows it to provide financial guarantees to business partners or to related parties and jointly controlled entities according to its percentage ownership in these entities. Financial guarantees provided to subsidiaries, associates, and jointly controlled entities by the Company as of December 31, 2022 and 2021, are disclosed in note 7 "Related-party Transactions."

(iv) Liquidity risk

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

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

(v) Market risk

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

1) Currency risk

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

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

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

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

The Company does not hedge against investments in subsidiaries.

2) Interest rate risk

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

3) Other market price risk

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

(z) Capital management

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

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

	December 31, 2022	December 31, 2021
Total liabilities	$ 8,790,471	7,419,630
Total equity	18,526,550	18,025,950
Total assets	$ 27,317,021	25,445,580
Debts ratio	32%	29%

As of December 31, 2022, the debts ratio increased is mainly resulted from increasing loan borrowings.

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

The Company did not have any non-cash flow transactions on investing and financing activities for the years ended December 31, 2022 and 2021.

(ab) Reconciliation of liabilities arising from financing activities

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2022 and 2021 were as follows:

			Non-cash changes			
	January 1, 2022	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	Others	December 31, 2022
Long-term borrowings (including current portion)	$ 2,145,756	139,536	-	-	-	2,285,292
Other long-term borrowings (including current portion)	349,922	(5,372)	-	5,217	-	349,767
Short-term borrowings (including short-term commercial paper payable)	2,205,053	1,019,667	104,285	1,884	-	3,330,889
Lease liabilities	44,447	(48,523)	-	514	96,658	93,096
Total liabilities from financing activities	$ 4,745,178	1,105,308	104,285	7,615	96,658	6,059,044

			Non-cash changes			
	January 1, 2021	Cash flows	Foreign exchange movement	Amortization of commercial paper discount	Others	December 31, 2021
Long-term borrowings (including current portion)	$ 3,073,718	(927,962)	-	-	-	2,145,756
Other long-term borrowings	349,341	(3,575)	-	4,156	-	349,922
Short-term borrowings	2,697,482	(459,971)	(32,458)	-	-	2,205,053
Lease liabilities	44,451	(49,157)	-	905	48,248	44,447
Total liabilities from financing activities	$ 6,164,992	(1,440,665)	(32,458)	5,061	48,248	4,745,178

<7> Related-party transactions

(a) Parent company and ultimate controlling party

Montrion Corporation is the ultimate controlling party of the Company. It indirectly controls Han-De Construction Co., Ltd. and Wei-Dar Development Co., Ltd., who held more than half of the members of the directors of the Company through their shares.

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Company
Trimurti Holding Corporation	The subsidiary of the Company
Hardison International Corporation	〃
Dymas Corporation	〃

Name of related party	Relationship with the Company
TSRC (Hong Kong) Limited	〃
TSRC (Shanghai) Industries Ltd.	〃
TSRC (Lux.) Corporation S.A R.L.	〃
TSRC (USA) Investment Corporation	〃
TSRC Specialty Materials LLC (Formerly known as Dexco Polymers L.P.)	〃
Polybus Corporation Pte Ltd.	〃
Shen Hua Chemical Industries Co., Ltd.	〃
TSRC-UBE (Nantong) Industries Co., Ltd.	〃
TSRC (Nantong) Industries Ltd.	〃
Triton International Holdings Corporation	〃
TSRC (Vietnam) Co., Ltd.	〃
Metropolis Property Management Corporation	Other related parties of the Company
Continental Engineering Corporation	〃
WFV Corporation	〃
Continental Consulting Limited Company	〃
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	The subsidiary recognized joint venture under equity method
Asia Pacific Energy Development Co., Ltd.	〃
Indian Synthetic Rubber Private Limited	The subsidiary recognized joint venture under equity method
Nantong Qix Storage Co., Ltd.	〃

(c) Significant transactions with related parties

(i) Revenue

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

	2022	2021
Subsidiaries	$ 708,045	731,671

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

(ii) Purchases

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

	2022	2021
Subsidiaries	$ 28,299	33,624

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

(iii) Service income and expenses

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

	2022	2021
Subsidiaries		
TSRC (Nantong) Industries Ltd.	$ 91,987	84,344
TSRC (Vietnam) Co., Ltd.	16,491	24,821
Other subsidiaries	28,152	31,783
Associates		
Other associates	16,652	16,538
Joint ventures		
Indian Synthetic Rubber Private Limited	67,842	71,255
	$ 221,124	228,741

2) The Company received consulting services such as marketing, research environmental, security and agency services from its subsidiaries and other related parties. For the years ended December 31, 2022 and 2021, the services amounted to $93,492 thousand and $119,027 thousand, respectively, and were recorded under operating costs and operating expenses.

(iv) Leases - Rent income

	2022	2021
Other related parties	$ 4,489	4,472

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

(v) Receivables from related parties

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

Account	Type of related parties	December 31, 2022	December 31, 2021
	Subsidiaries		
Accounts receivable - related parties	TSRC (Nantong) Industries Ltd.	$ 7,001	20,791
Accounts receivable - related parties	Polybus Corporation Pte Ltd.	15,031	13,359
Accounts receivable - related parties	TSRC (Lux.) Corporation S.A R.L.	42,656	71,287
Accounts receivable - related parties	TSRC Specialty Materials LLC	35,349	94,756
Accounts receivable - related parties	Other subsidiaries	95	2,847
		100,132	203,040
	Subsidiaries		
Other receivables	TSRC (Nantong) Industries Ltd.	94,058	146,230
Other receivables	Other subsidiaries	14,181	16,572
	Associates		
Other receivable	ARLANXEO-TSRC (Nantong) Chemical Industries	17,139	14,036
	Joint ventures		
Other receivable	Others joint ventures	11,227	17,797
		136,605	194,635
		$ 236,737	397,675

(vi) Payables to related parties

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

Account	Type of related parties	December 31, 2022	December 31, 2021
Accounts payables	Subsidiaries	$ 2,982	8,134
Other payables	TSRC (Lux.) Corporation S.A R.L.	44,586	47,795
Other payables	TSRC Specialty Materials LLC	22,631	19,919
Other payables	Other	8,629	4,990
	Joint ventures		
Other payables	Others joint ventures	1,382	1,246
Other payables	Other related parties	102	469
		77,330	74,419
		$ 80,312	82,553

(vii) Guarantees

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

	December 31, 2022	December 31, 2021
Subsidiaries		
TSRC (Vietnam) Co., Ltd.	$ 555,815	628,563
TSRC (USA) Investment Corporation	460,620	830,700
TSRC Specialty Materials LLC	307,080	276,900
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	308,546	500,576
Joint ventures		
Indian Synthetic Rubber Private Limited	1,022,576	922,077
	$ 2,654,637	3,158,816

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

	December 31, 2022	December 31, 2021
Associates		
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	$ 1,261	1,782
Joint ventures		
Indian Synthetic Rubber Private Limited	23,725	25,975
	$ 24,986	27,757

(d) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	2022	2021
Short-term employee benefits	$ 105,079	106,415
Post-employment benefits	620	604
	$ 105,699	107,019

<8> Pledged assets: None.

<9> Commitments and contingencies

(a) The unused letters of credit outstanding

	December 31, 2022	December 31, 2021
The Company's unused letters of credit outstanding	$ 855,116	555,290

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

	December 31, 2022	December 31, 2021
The total amounts of construction in progress contracts	$ 433,400	365,300
Cumulative payments	$ 349,118	299,896

<10> Losses Due to Major Disasters: None.

<11> Subsequent Events: None.

<12> Other

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

By function / By nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary (note 1)	358,684	394,508	753,192	332,580	377,413	709,993
Labor and health insurance	38,671	33,123	71,794	34,513	29,898	64,411
Pension (note 2)	17,237	14,636	31,873	16,578	15,138	31,716
Directors' remuneration	-	23,064	23,064	-	34,432	34,432
Others (note 3)	94,559	92,957	187,516	104,134	153,600	257,734
Depreciation (note 4)	169,548	74,081	243,629	214,198	71,527	285,725
Amortization	8,253	15,886	24,139	5,493	14,615	20,108

Note1 : Salary includes base salary, overtime pay, performance bonus, year-end bonus and pay in lieu of untaken annual leave, etc.
Note2 : Pension expenses excluded expenses for employees on international assignments amounting to $1,727 thousand and $1,553 thousand for the years ended December 31, 2022 and 2021, respectively.
Note3 : Other employee benefit includes meal expenses, employee welfare, training fees and employee compensation.
Note4 : Depreciation expenses excluded expenses for investment property recognized under other income and expenses, amounting to $14,725 thousand for the years ended December 31, 2022 and 2021, respectively.

The Company's number of employees for the years ended December 31, 2022 and 2021 and additional information on employee benefits are as follows :

	2022	2021
Number of employees	676	678
Number of directors who were not employees	6	6
The average employee benefit	$ 1,559	1,583
The average salaries and wages	$ 1,124	1,057
The average of employee salary cost adjustment as follows	6.34%	
Supervisor remuneration	$ -	-

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

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

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

<13> Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the period January 1, 2022 to December 31, 2022:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance
1	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	Loan	Yes	148,731	44,078
2	Polybus Corporation Pte Ltd	TSRC	Account receivable - related parties	Yes	686,928	-
3	TSRC(Hong Kong) Limited	TSRC	Account receivable - related parties	Yes	176,880	-
4	TSRC (Hong Kong) Limited	TSRC (VIETNAM) CO., LTD.	Account receivable - related parties	Yes	128,840	122,832
5	TSRC Specialty Materials LLC	TSRC (USA) Investment Corporation	Account receivable - related parties	Yes	429,330	-

Note1 : The loan limit extended per party should not be over 10% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the loan limit extended per party should not be over 50% of the total equity of the most recent financial statements audited or reviewed by a CPA.
Note2 : The maximum loan extended to all parties should not be over 40% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the total loan limit should not be over 100% of total equity of the most recent financial statements audited or reviewed by a CPA .
Note3 : The fund of loan are 100% owned by TSRC.
Note4 : Credit period: The financing period should not be over one year.
Note5 : Nature of financing activities is as follows:
(1) if there are transactions between these two parties, the number is "1".
(2) if it is necessary to loan to other parties, the number is "2".

(ii) Guarantees and endorsements for other parties:

No.	Name of Company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements
		Name	Relationship with the Company			
0	TSRC	TSRC (USA) Investment Corporation	4	(Note 2)	840,630	460,620
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	6	(Note 2)	605,766	308,546
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	1,072,593	1,022,576
0	TSRC	TSRC (Vietnam) Co., Ltd.	4	(Note 2)	669,196	555,815
0	TSRC	TSRC Specialty Materials LLC	4	(Note 2)	322,100	307,080

Note 1: The guarantee's relationship with the guarantor is as follows:
(1) A company with which it does business.
(2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
Note 2: The guaranteed amount is limited to sixty percent of issued capital, amounting to $11,115,930 thousand.
Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to $27,789,825 thousand.

Unit: thousand NTD

Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers (Note 5)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing Company (Note1)	Maximum financing limit for the lender (Note2)
						Item	Value		
-	3.103%	2	-	Operating capital	-		-	152,996	305,991
-	0.288%	2	-	Operating capital	-		-	4,169,671	8,339,342
-	0.284%	2	-	Operating capital	-		-	1,800,344	3,600,687
92,124	2.00%~5.45%	2	-	Operating capital	-		-	1,800,344	3,600,687
-	0.12%~0.44%	2	-	Operating capital	-		-	1,188,188	2,376,375

Unit: thousand NTD

Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement /guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of Company in Mainland China
50,822	-	2.49%	(Note 3)	√		
6,895	-	1.67%	(Note 3)			√
545,067	-	5.52%	(Note 3)			
297,868	-	3.00%	(Note 3)	√		
66,895	-	1.66%	(Note 3)	√		

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

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

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of Company	Counter-party	Relationship
TSRC (Lux.) Corporation S.A R.L.	TSRC	Parent and subsidary companies
TSRC	TSRC (Lux.) Corporation S.A R.L.	Parent and subsidary companies
TSRC Specialty Materials LLC	TSRC	Parent and subsidary companies
TSRC	TSRC Specialty Materials LLC	Parent and subsidary companies
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	Related parties
Polybus Corporation Pte Ltd.	Shen Hua Chemical Industries Co., Ltd.	Related parties
Shen Hua Chemical Industries Co., Ltd.	Polybus Corporation Pte Ltd.	Related parties
TSRC (Lux.) Corporation S.A R.L.	TSRC Specialty Materials LLC	Related parties
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L.	Related parties
TSRC (Lux.) Corporation S.A R.L.	TSRC (Nantong) Industries Ltd.	Related parties
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L.	Related parties

Unit: thousand NTD

Ending balance				Remarks
Number of shares	Book value	Holding percentage	Market value	
12,148,000	626,837	2.91%	626,837	
599,999	169,506	5.42%	169,506	
5,657,000	389,937	3.90%	389,937	
837,552	236,616	7.57%	236,616	
	1,422,896		1,422,896	

Unit: thousand NTD

Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Purchase	349,547	11.37%	70 days	-		(42,656)	(11.32)%	
Sale	(349,547)	(3.10)%	70 days	-		42,656	3.89%	
Purchase	230,118	6.47%	70 days	-		(35,349)	(11.30)%	
Sale	(230,118)	(2.04)%	70 days	-		35,349	3.22%	
Purchase	219,391	23.17%	40 days	-		(45,945)	(31.17)%	
Sale	(219,391)	(3.63)%	40 days	-		45,945	7.86%	
Purchase	676,903	71.47%	40 days	-		(86,218)	(58.50)%	
Sale	(676,903)	(8.40)%	40 days	-		86,218	6.31%	
Purchase	647,106	21.05%	90 days	-		(132,835)	(35.25)%	
Sale	(647,106)	(13.56)%	90 days	-		132,835	21.57%	
Purchase	2,066,220	67.21%	70 days	-		(208,083)	(55.21)%	
Sale	(2,066,220)	(34.20)%	70 days	-		208,083	35.61%	

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

Name of related party	Counter-party	Relationship
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.A R.L.	Related parties
TSRC Specialty Materials LLC	TSRC (Lux.) Corporation S.A R.L.	Related parties

Note 1: Until March 9, 2023.

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

(b) Information on investees:

The following is the information on investees for the year 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business
TSRC	Trimurti Holding Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	Hardison International Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	Dymas Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
TSRC	TSRC (Vietnam) Co., Ltd.	8 VSIP II-A Street 31, Vietnam Singapore Industrial Park II-A, Tan Uyen Town, Binh Duong Province, Vietnam	Production and processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products.
Trimurti Holding Corporation	Polybus Corporation Pte Ltd.	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F BOC Group Life Assurance Tower 136 Des Voeux Road Central	Investment corporation
Trimurti Holding Corporation	Indian Synthetic Rubber Private Limited	Room No.702, Indian Oil Bhawan, 1 Sri Aurobindo Marg, Yusuf Sarai, New Delhi 110016, India	Produchion and sale of ESBR
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.A R.L.	39-43 avenue de la Liberte L-1931 Luxembourg	International commerce and investment corporation
TSRC (Lux.) Corporation S.A R.L.	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, Country of New Castle, Wilmington, Delaware. ,19808.	Investment corporation
TSRC (USA) Investment Corporation	TSRC Specialty Materials LLC	23027 Elkana Deane Lane, Katy, Texas 77449-3696	Produchion and sale of TPE
Hardison International Corporation	Triton International Holdings Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O.BOX 438, Road Town, Tortola B.V.I	Investment corporation
Dymas Corporation	Asia Pacific Energy Development Co., Ltd.	Cayman Islands	Consulting for electric power facilities management and electrical system design

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.708; EUR1 to NTD32.7102).
Note 2: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation, total directly and indirectly owns of equity are 100%.

Unit: thousand NTD

Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period (Note 1)	Allowances for bad debts
		Amount	Action taken		
208,083	8.07	-		80,539	-
132,835	4.34	-		50,239	-

Unit: thousand NTD/thousand USD/thousand EUR

Original cost		Ending balance			Net income (loss) of investee	Investment income (loss)	Remarks
December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Book value			
1,005,495	1,005,495	86,920,000	100.00%	16,625,264	1,203,074	1,203,074	Subsidiary
109,442	109,442	3,896,305	100.00%	659,062	(25,763)	(25,763)	Subsidiary
38,376	38,376	1,161,004	19.48%	139,786	(33,068)	(6,441)	Subsidiary (note 2)
387,585	342,742	-	100.00%	195,502	(89,784)	(89,784)	Subsidiary
1,999,122 (USD65,101)	1,999,122 (USD65,101)	105,830,000	100.00%	8,339,342	998,627	998,627	Indirectly owned subsidiary
3,189,026 (USD103,850)	3,189,026 (USD103,850)	103,850,000	100.00%	3,600,687	(674)	(674)	Indirectly owned subsidiary
905,057 (USD29,473)	905,057 (USD29,473)	222,861,375	50.00%	1,258,286	427,752	213,876	-
2,449,000 (EUR74,870)	2,449,000 (EUR74,870)	74,869,617	100.00%	3,184,003	(31,331)	(31,331)	Indirectly owned subsidiary
2,949,503 (USD96,050)	2,949,503 (USD96,050)	130	100.00%	3,053,602	(7,155)	(7,155)	Indirectly owned subsidiary
6,713,291 (USD218,617)	6,713,291 (USD218,617)	-	100.00%	2,376,375	105,533	105,533	Indirectly owned subsidiary
1,535 (USD50)	1,535 (USD50)	50,000	100.00%	57,906	928	928	Indirectly owned subsidiary
147,368 (USD4,799)	147,368 (USD4,799)	4,798,566	80.52%	599,118	(33,068)	(26,627)	Indirectly owned subsidiary
346,540 (USD11,285)	346,540 (USD11,285)	7,522,337	37.78%	238,527	(159,265)	(60,170)	-

(c) Information on investment in Mainland China:

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2022
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,265,784 (USD41,220)	(2)a.	-
Changzhou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	709,355 (USD23,100)	(2)c.	117,673 (USD3,832)
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	168,894 (USD5,500)	(2)b.	120,375 (USD3,920)
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	92,124 (USD3,000)	(2)d.	46,062 (USD1,500)
TSRC-UBE (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	1,228,320 (USD40,000)	(2)a.	30,708 (USD1,000)
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,228,179 (USD105,125)	(2)a.	204,147 (USD6,648)
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,375,718 (USD44,800)	(2)a.	-

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

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

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

Note4 : Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.708).

(ii) Limitation on investment in Mainland China:

Unit: thousand NTD / thousand USD

Accumulated investment amount in Mainland China as of December 31, 2022	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
518,965 (USD16,900)	5,752,683 (USD187,335) (Note 2)	- (Note 1)

Note:
1. In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China" amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau, Ministry of Economic Affairs, on August 18, 2021. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from August 12, 2021 to August 11, 2024.
2. This amount includes capital increase out of earnings, approved by the Investment Commission, MOEA.
3. Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD30.708).

(iii) Significant transactions:

1) Sales and accounts receivable

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

	2022
TSRC (Nantong) Industries Ltd.	$ 13,332
TSRC (Shanghai) Industries Ltd.	58,052
Shen Hua Chemical Industries Co., Ltd.	3,032
TSRC-UBE (Nantong) Industries Co., Ltd.	556
	$ 74,972

Unit: thousand NTD

Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2022	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
Remittance amount	Repatriation amount						
-	-		332,811	65.44%	217,791 (Note2)	2,450,932	4,786,340
-	-	117,673 (USD3,832)	(170,002)	28.34%	(48,179) (Note3)	258,053	358,308
-	-	120,375 (USD3,920)	30,217	100.00%	30,217 (Note2)	305,991	-
-	-	46,062 (USD1,500)	1,952	50.00%	976 (Note2)	57,604	74,060
-	-	30,708 (USD1,000)	498,796	55.00%	274,338 (Note2)	1,123,698	-
-	-	204,147 (USD6,648)	377,804	100.00%	377,804 (Note2)	3,897,485	440,864
-	-		312,041	50.00%	156,020 (Note3)	667,783	-

The related accounts receivable resulting from the above transactions as of December 31, 2022 are as follows:

		December 31, 2022
TSRC (Nantong) Industries Ltd.	$	7,001
TSRC (Shanghai) Industries Ltd.		95
	$	7,096

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

2) Purchases and accounts payable

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

		2022
TSRC (Nantong) Industries Ltd.	$	25,202
TSRC (Shanghai) Industries Ltd.		3,097
	$	28,299

The related accounts payable resulting from the above transactions as of December 31, 2022 are as follows:

		December 31, 2022
TSRC (Nantong) Industries Ltd.	$	2,833
TSRC (Shanghai) Industries Ltd.		149
	$	2,982

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

3) Service income

Nature	Name		Service income in 2022	Accounts receivable as of December 31, 2022
Management and technology services	Shen Hua Chemical Industries Co., Ltd.	$	5,539	741
Management and technology services & technology licensing	TSRC (Nantong) Industries Ltd.		91,987	94,058
Management and technology services	TSRC-UBE (Nantong) Industries Ltd.		897	-
Management and technology services	TSRC (Shanghai) Industries Ltd.		8,248	1,413
Technology licensing	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.		16,652	17,139
		$	123,323	113,351

4) Guarantees

As of December 31, 2022, guarantees provided by the Company for the bank loans of investees in Mainland China was as follows:

		December 31, 2022
ARLANXEO-TSRC (Nantong) Chemical Industrial Co., Ltd.	$	308,546

(d) Major shareholders:

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

<14> Segment information

Please refer to the year 2022 consolidated financial statements.